CITY OF GLENN HEIGHTS, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025

PREPARED BY THE FINANCE DPEARTMENT OF THE CITY OF GLENN HEIGHTS, TEXAS

GROW WITH GLENN HEIGHTS

glennheightstx.gov

TABLE OF CONTENTS

Page Number

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal ..... ii - vi
List of Elected Officials vii
Organizational Chart viii

FINANCIAL SECTION

Independent Auditor's Report 2-4

Management's Discussion and Analysis (Unaudited) 5-12

Basic Financial Statements:
- Government – Wide Financial Statements:
  - Statement of Net Position 15
  - Statement of Activities 16-17
- Fund Financial Statements:
  - Balance Sheet - Governmental Funds 18
  - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 19
  - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 20
  - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 21
  - Statement of Net Position - Proprietary Funds 22
  - Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds 23
  - Statement of Cash Flows - Proprietary Funds 24-25
- Notes to the Financial Statements 26-45

Required Supplementary Information (Unaudited):
- Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund 48
- Notes to Required Budgetary Schedule 49
- Schedule of Changes in Net Pension Liability and Related Ratios 50-51
- Schedule of Contributions 52-53
- Schedule of Changes in Total OPEB Liability and Related Ratios 54-55

Combining and Individual Fund Statements and Schedules:
- Combining Balance Sheet – Nonmajor Governmental Funds 60-62
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds 64-66
- Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual – Debt Service Fund 67
- Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual – 911 Wireless Fund 68

TABLE OF CONTENTS
(continued)

		Page Number
STATISTICAL SECTION (Unaudited)		
Table		
1	Net Position by Component	70-71
2	Changes in Net Position	72-75
3	Fund Balances of Governmental Funds	76-77
4	Changes in Fund Balances of Governmental Funds	78-79
5	Assessed Value and Estimated Actual Value of Taxable Property	80-81
6	Direct and Overlapping Property Tax Rates	82-83
7	Principal Property Taxpayers	84
8	Direct and Overlapping Property Tax Rates	85
9	Ratios of Outstanding Debt	86-87
10	Ratios of Net General Bonded Debt Outstanding	88-89
11	Computation of Direct and Overlapping Debt	91
12	Tax Rate Information	92-93
13	Demographic and Economic Statistics	94
14	Principal Employers	95
15	Employees by Function	96-97
16	Operating Indicators by Function	98-101
17	Capital Asset Statistics by Function	102-103
COMPLIANCE AND INTERNAL CONTROL SECTION		
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards		106-107

This page left blank intentionally.

INTRODUCTORY SECTION (Unaudited)

March 18, 2026

Honorable Mayor and Members of the City Council

City of Glenn Heights
Glenn Heights, Texas

The Finance Department is pleased to submit the Annual Comprehensive Financial Report of the City of Glenn Heights, Texas for the fiscal year ended September 30, 2025. This report was prepared through the cooperative efforts of the Finance Department and the City's independent auditor. It is published to provide the City Council, staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the City. We believe the data, as presented, is accurate in all material respects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; all disclosures necessary have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

Management's discussion and analysis (MD&A) begins on page 5 and provides a narrative introduction, overview, and analysis of the City's basic financial statements. The MD&A also provides readers with management's viewpoint of the City's financial performance and should be read in conjunction with the financial statements.

CITY PROFILE

The City of Glenn Heights, Texas, a predominately residential community situated in Dallas and Ellis Counties, is a Texas municipality that incorporated in 1969 to operate as a general law city and currently operates as a home rule city. The City lies at the hub of Interstate 35E and Texas Farm-To-Market Road 664 (Ovilla Road). Glenn Heights is a short drive from downtown Dallas and has an estimated population of approximately 19,883 residents. The City operates under a council-manager form of government. The Council is comprised of seven officials including a Mayor and six Council Members.

THE REPORTING ENTITY AND ITS SERVICES

Generally accepted accounting principles require that basic financial statements represent the City (the primary government) and its component units. The Council has the authority to enact legislature, appoint the City Manager, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Government Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity." The City is regulated by the Code of State Statutes of the State of Texas and is authorized to perform the following services: public safety (police and fire), development services (public works, planning, and inspections), economic development, recreational services, sanitation, water and sewer utilities, storm drainage and general administrative services.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements should be viewed within the context of the specific environment in which the City operates.

The economic outlook for the City of Glenn Heights includes projections for future land use that will guide the development of specific areas in the community, aligning with the objectives of the new comprehensive plan. This plan emphasizes preferred development strategies that will shape the community's landscape according to anticipated land use needs.

Glenn Heights is experiencing a housing boom that's transforming the city into one of the fastest-growing communities in Dallas and Ellis counties. Fueled by multiple new subdivision developments, taxable property values have surged by 33%, with new homes starting at $450,000 attracting a wave of young families to this vibrant 7.1-square-mile suburb. Among the standout residential projects are Stewart Farms, where Ashton Woods has begun grading work at W Bear Creek Road & S Westmoreland Road, and Valencia Estates (formerly Paradise Estates), located at the southeast corner of Westmoreland Road and W Bear Creek Road. These developments are part of a broader annexation effort expanding the city's southern boundary. As a result of this rapid growth, the average residential market value has climbed 14.9% in just one year, underscoring the city's rising appeal and strong economic momentum.

In conjunction with ongoing housing developments, the City has initiated a plan for higher-density developments aimed at attracting more retail establishments to the area. Furthermore, the vision includes plans for additional usable open spaces that connect pedestrians with local businesses and parks. The concept of mixed-use developments, incorporating multi-family residential buildings alongside neighborhood retail and open space amenities, aligns with the overall vision for future land use.

The City of Glenn Heights has seen a remarkable 9.2% surge in property tax revenue, driven by rising taxable property values. This upward trend not only reflects the city's rapid growth but also strengthens its financial foundation—empowering Glenn Heights to meet the increasing demand for public services and maintain a high quality of life for its residents.

In a bold move to position Glenn Heights as a key player in the tech-driven economy, the City Council approved a major zoning change in 2024 to accommodate a state-of-the-art data center and electrical substation. With the Dallas/Fort Worth region emerging as a national hotspot for data centers, this development is expected to inject an impressive $2 billion into the City's property tax base. Meanwhile, commercial growth is accelerating along the IH 35E corridor and Farm-to-Market 664 (Ovilla Road), bringing new businesses and opportunities to the area. One of the most transformative projects underway is the IH 35E at Bear Creek Road Improvements Project, a partnership with TxDOT designed to ease traffic congestion and improve connectivity. Together, these initiatives are not only reshaping the city's infrastructure but also enhancing the quality of life for Glenn Heights residents.

As Glenn Heights continues to expand with new housing developments and a growing focus on higher-density and retail projects, the demand for public services is rising in tandem. With the population projected to reach 30,000 by the next census, the City faces the challenge of maintaining service levels amid increasing costs. Currently, property taxes account for 63.5% of the general fund revenue, making diversification of revenue sources a critical priority. To reduce reliance on property taxes, the City is pursuing a commercially driven strategy—encouraging retail growth to boost sales tax revenue and streamlining processes for permits and licenses. This proactive approach will help ensure long-term financial sustainability while supporting the infrastructure and services needed for a thriving, fast-growing community.

The City

The City's ability to diversify and expand its tax revenue base will play a pivotal role in shaping Glenn Heights' economic outlook for both the current and future fiscal years. One of the key challenges lies in identifying new and sustainable funding sources. For example, one cent of the City's sales tax is earmarked for mass public transportation initiatives, such as Dallas Area Rapid Transit (DART), which limits the availability of funds for other essential service programs. This constraint highlights the importance of long-term financial planning to support the City's goals for economic development and infrastructure sustainability. By exploring innovative revenue strategies and strengthening partnerships, Glenn Heights can better position itself to meet the evolving needs of its growing community.

To address these challenges, the City of Glenn Heights is strengthening its partnerships to support smart growth and sustainable development. A key collaboration with Dallas Area Rapid Transit (DART) will help coordinate future developments that not only boost commercial activity but also enhance public transportation options for residents. In addition, the City is working closely with the DeSoto and Red Oak school districts to deliver high-quality services that benefit both students and the broader community. These partnerships are vital to aligning infrastructure improvements with population growth, ensuring Glenn Heights remains a well-connected and thriving place to live.

These quality services are designed to leverage future developments as revenue-generating opportunities—funding the construction of new parks, the development of scenic linear trails, street reconstruction, and the upkeep of vital utility systems. By increasing revenue through strategic growth, the City can allocate resources more effectively to key infrastructure projects, reducing reliance on debt and ensuring long-term financial resilience.

The City of Glenn Heights maintains strong financial health, with sufficient cash reserves and unassigned fund balances in both its general and utility funds. These unrestricted net assets ensure compliance with the City's comprehensive fund balance policy while supporting the delivery of high-quality services to residents. This solid fiscal foundation positions the City to respond effectively to future growth and infrastructure needs.

Overall, the City's financial outlook remains stable, with general conditions projected to continue meeting fund reserve requirements. Primary revenue sources are showing modest yet steady growth, reinforcing the City's ability to maintain fiscal discipline while supporting essential services and infrastructure investments.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable. Expenditures are recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's proprietary funds are budgeted and maintained on this same basis of accounting for management purposes and converted to full accrual accounting for external reporting purposes.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Internal controls also ensure the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived; the evaluation of cost and benefits requires estimates and judgments by management. We believe the City's internal control structure is developing and will continue to be improved upon.

The budgetary process begins each year with the preparation of revenue estimates by the City's Department of Finance and expenditure estimates by each City department. Estimates are reviewed by the City Manager and evaluated within the total financial framework. Budget proposals are then recommended by the City Manager and reviewed extensively by the City Council, in a process that includes public hearings. Throughout the process, the City Council may make changes as deemed appropriate. The budget is then adopted by ordinance, as well as the City's ad valorem tax rate. All the City's governmental funds, as well as enterprise funds (water and sewer, and drainage), are included in the annual budgetary process.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established at the fund level. Department Directors are authorized to transfer budgeted expenditures between line items within their respective departments while the City Manager is authorized to transfer budgeted expenditures between departments within a City fund. However, any revisions that alter total expenditures of a City fund must be approved by the City Council.

AUDIT

The City Charter requires an annual audit of the books of accounts, financial records and transactions of all departments of the City by independent certified public accountants selected and engaged by the City Council.

CONCLUSION

The preparation of this report could not be accomplished without the dedicated services of the City's auditors, City Management, and staff of the City's Finance Department. The Finance staff has worked with great effort to ensure the accuracy of this report.

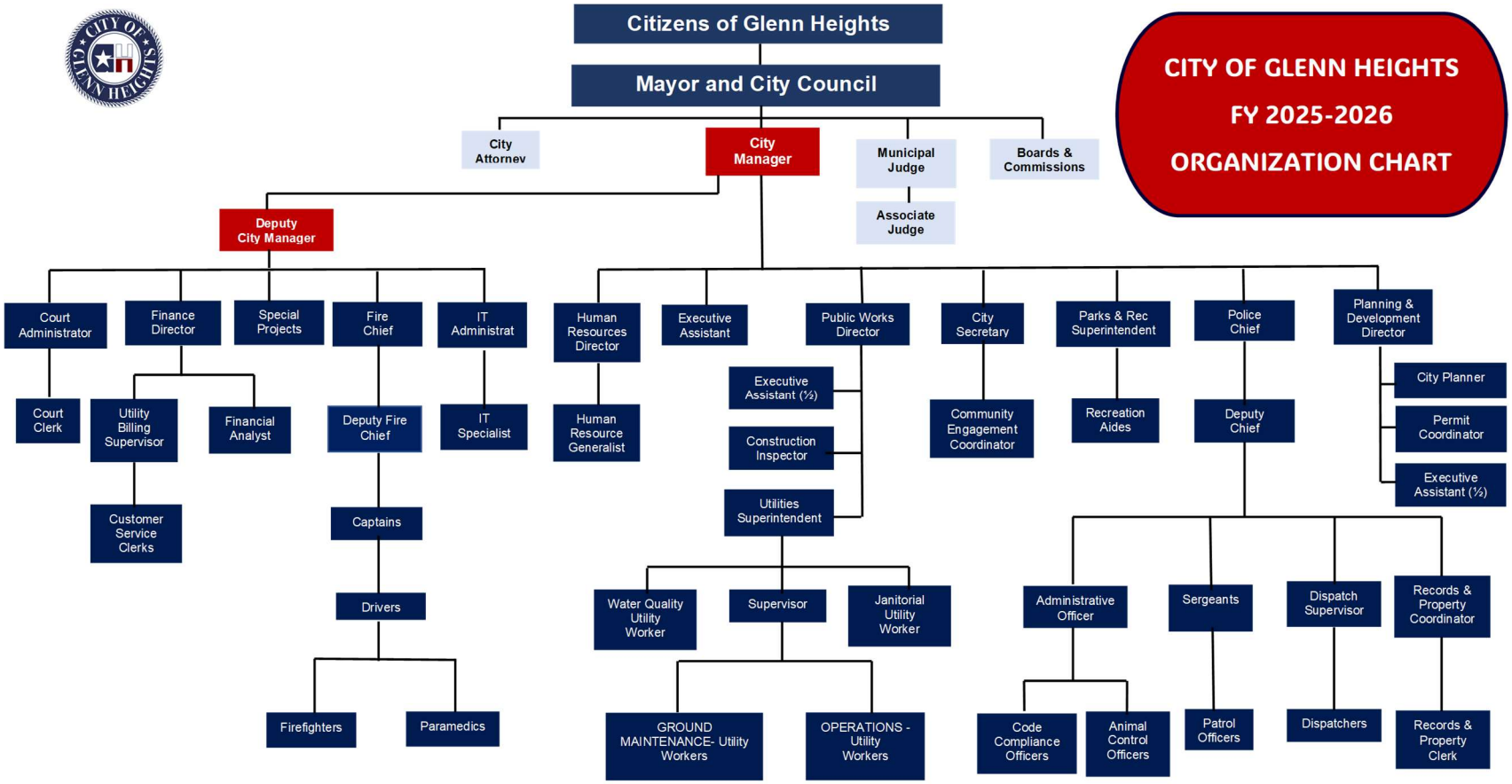
Respectfully submitted,

Sherry Roberts

Sherry Roberts, CGFO
Director of Finance

CITY OF GLENN HEIGHTS, TEXAS
Principal Officials
September 30, 2025

Mayor	Sonja A. Brown
Mayor Pro Tem	Cornel Benford II
Place 1	Sherron Mosley
Place 2	Harry A. Garrett
Place 3	Travis Bruton
Place 4	Stephanne Hale
Place 5	Laymon M. Lightfoot


CITY OF GLENN HEIGHTS
FY 2025-2026
ORGANIZATION CHART
Citizens of Glenn Heights
Mayor and City Council
City Attornev
City Manager
Municipal Judge
Associate Judge
Boards & Commissions
Deputy City Manager
Court Administrator
Finance Director
Special Projects
Fire Chief
IT Administrat
Human Resources Director
Executive Assistant
Public Works Director
City Secretary
Parks & Rec Superintendent
Police Chief
Planning & Development Director
Court Clerk
Utility Billing Supervisor
Financial Analyst
Deputy Fire Chief
IT Specialist
Human Resource Generalist
Executive Assistant (½)
Construction Inspector
Utilities Superintendent
Community Engagement Coordinator
Recreation Aides
Deputy Chief
City Planner
Permit Coordinator
Executive Assistant (½)
Customer Service Clerks
Captains
Drivers
Firefighters
Paramedics
Water Quality Utility Worker
Supervisor
Janitorial Utility Worker
GROUND MAINTENANCE- Utility Workers
OPERATIONS - Utility Workers
Administrative Officer
Sergeants
Dispatch Supervisor
Records & Property Coordinator
Code Compliance Officers
Animal Control Officers
Patrol Officers
Dispatchers
Records & Property Clerk

FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council

City of Glenn Heights, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As described in Note 15 to the financial statements, during the year ended September 30, 2025, the City restated their beginning net position on the financial statements, due to corrections of errors. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 12 and Required Supplementary Information on pages 48 - 55, respectively be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City basic financial statements. The accompanying Combining Statements and Individual Fund Schedules on pages 59 – 68 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements and Individual Fund Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Frisco, Texas

March 18, 2026

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Glenn Heights, Texas (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City. We encourage the readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2025, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by $69,136,510 (net position). Of this amount, $22,315,624 (or 32%) was unrestricted.
- For the fiscal year ended September 30, 2025, net position increased by $4,237,348. In fiscal year, 2024 the increase was $8,588,417. The increase in fiscal year 2025 is primarily due to revenue for charges for services, property taxes, grants and contributions, and sales taxes.
- At fiscal year-end, the City's governmental funds reported combined ending fund balances of $24,045,119, of which $11,812,632 (or 49%) was available for spending at the City's discretion (unassigned balance).
- The City's noncurrent liabilities decreased by $1,448,645. This decrease is mainly the result of annual debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *other supplementary information*. The basic financial statements include two types of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in *more detail* than the government-wide statements.
- *Governmental fund* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- The financial statements also include *notes to the financial statements* explaining some of the information in the financial statements and provide more detailed data.
- The report also contains other supplementary information in addition to the basic financial statements themselves.

The remainder of this overview explains the structure and contents of each of the statements.

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector businesses. The statement of net position includes *all* of the government's assets and liabilities. In the statement of activities, all of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid, and all of the City's g*overnmental activities* and City services are combined and show how they are financed.

Both government-wide statements report the City's *net position* and how it has changed. Net position, the difference between the City's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements can be found on pages 15 - 17 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant (major) *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific revenue sources and spending for particular purposes.

- *Governmental fund*—The City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because these funds do not encompass the additional long-term focus of the government-wide statements, additional information is provided following each fund statement that explains the relationship (or differences) between them.

- Some funds are required by State law, such as the debt service fund.

- Management may establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenue resources, such as capital project funds.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover, and the types of information they contain.

Figure A-1 – Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	**Government-Wide**	**Fund Level**	
		Governmental Funds	**Proprietary Funds**
Scope	Entire City's government, except fiduciary funds	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business: utilities
Required financial statements	♦ Statement of Net Position ♦ Statement of Activities	♦ Balance Sheet ♦ Statement of Revenues, Expenditures & Changes in Fund Balances	♦ Statement of Net Position ♦ Statement of Revenues, Expenses & Changes in Fund Balances ♦ Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year end; expenditures when goods or services have been received and payment is made during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

The basic governmental fund financial statements can be found on pages 18 – 21 of this report.

The basic proprietary fund financial statements can be found on pages 22 – 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time net position serves as a useful indicator of a government's financial condition. As noted earlier, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by $69,136,510.

The largest portion of the City's net position, $35,054,648 or 51%, represents the City's investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any debt used to acquire assets still outstanding at year end. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the City's net position, $11,766,238 or 17%, represents resources that are subject to external restrictions on how they may be used (i.e., debt service, public safety, capital improvements, etc.). The remaining portion, $22,315,624 or 32%, may be used at the City's discretion to meet ongoing obligations to its citizens and creditors (unrestricted).

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Glenn Heights, Texas - Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	As Restated 2024	2025	2024	2025	As Restated 2024
Current and other assets	$ 28,376,795	$ 28,475,395	$ 10,125,998	$ 9,648,055	$ 38,502,793	$ 38,123,450
Capital assets	34,890,957	32,841,933	13,197,814	13,555,477	48,088,771	46,397,410
Total assets	63,267,752	61,317,328	23,323,812	23,203,532	86,591,564	84,520,860
Total deferred outflows of resources	225,466	531,908	27,044	56,793	252,510	588,701
Current liabilities	1,361,346	2,390,680	1,063,638	944,783	2,424,984	3,335,463
Noncurrent liabilities	12,619,995	13,942,429	2,200,221	2,345,612	14,820,216	16,288,041
Total liabilities	13,981,341	16,333,109	3,263,859	3,290,395	17,245,200	19,623,504
Total deferred inflows of resources	426,232	548,761	36,132	38,134	462,364	586,895
Net investment in capital assets	24,005,447	19,502,973	11,049,201	11,238,402	35,054,648	30,741,375
Restricted	6,594,720	4,186,856	5,171,518	5,030,737	11,766,238	9,217,593
Unrestricted	18,485,478	21,277,537	3,830,146	3,662,657	22,315,624	24,940,194
Total net position	$ 49,085,645	$ 44,967,366	$ 20,050,865	$ 19,931,796	$ 69,136,510	$ 64,899,162

The following table provides a summary of the City's operations for the year ended September 30, 2025. Overall, the City had an increase in net position of $4,237,348. This increase is attributable to the governmental activities for $4,118,279 and business-type activities for $119,069. Revenues for business-type activities decreased by $747 when compared to prior fiscal year. Revenue associated with governmental activities decreased by $772,585 when compared to prior fiscal year. Significant changes in governmental activities revenues include the following.

- $860,095 increase in property tax revenue,
- $2,149,721 decrease in grants and contributions,
- $603,501 decrease in sales tax revenue,
- $586,250 increase in franchise fee revenue.

Total expenses for governmental activities increased by $2,990,216, and total expenses for the City's business-type activities increased by $587,521 when compared to prior fiscal year. Expenses for governmental activities and business-type activities in fiscal year 2025 compared to prior fiscal year are due to numerous factors.

City of Glenn Heights, Texas – Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	As Restated 2024	2025	2024	2025	As Restated 2024
Revenues:						
Program revenues:						
Charges for services	$ 3,667,634	$ 3,272,240	$ 11,245,541	$ 11,331,833	$ 14,913,175	$ 14,604,073
Operating grants & contributions	20,219	4,775	-	-	20,219	4,775
Capital grants & contributions	1,902,985	4,018,727	-	33,979	1,902,985	4,052,706
General revenues:						
Property taxes	10,223,392	9,363,297	-	-	10,223,392	9,363,297
Sales taxes	1,283,442	1,274,335	-	-	1,283,442	1,274,335
Franchise fees	670,834	697,192	-	-	670,834	697,192
Investment earnings	1,039,197	1,207,987	273,550	174,691	1,312,747	1,382,678
Miscellaneous	179,341	147,923	-	-	179,341	147,923
Gain (Loss) on sale of capital assets	-	(226,847)	20,665	-	20,665	(226,847)
Total revenues	18,987,044	19,759,629	11,539,756	11,540,503	30,526,800	31,300,132
Expenses:						
General government	3,442,246	2,248,383	-	-	3,442,246	2,248,383
Public safety	7,010,514	6,219,761	-	-	7,010,514	6,219,761
Development services	4,309,003	3,294,106	-	-	4,309,003	3,294,106
Parks and recreation	979,491	954,467	-	-	979,491	954,467
Economic development	24,995	34,226	-	-	24,995	34,226
Interest on long-term debt	286,273	311,363	-	-	286,273	311,363
Water, sewer, and drainage	-	-	10,236,930	9,649,409	10,236,930	9,649,409
Total expenses	16,052,522	13,062,306	10,236,930	9,649,409	26,289,452	22,711,715
Increase (decrease) in net position before transfers	2,934,522	6,697,323	1,302,826	1,891,094	4,237,348	8,588,417
Transfers	1,183,757	(1,658,264)	(1,183,757)	1,658,264	-	-
Increase (decrease) in net position	4,118,279	5,039,059	119,069	3,549,358	4,237,348	8,588,417
Net position, beginning	44,967,366	39,928,307	19,931,796	16,382,438	64,899,162	56,310,745
Net position, ending	$ 49,085,645	$ 44,967,366	$ 20,050,865	$ 19,931,796	$ 69,136,510	$ 64,899,162

FINANCIAL ANALYSIS AND BUDGETARY HIGHLIGHTS OF CITY FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $24,045,119. Approximately 49% of the total amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $11,812,719, while total fund balance was $12,006,112. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 77% of total general fund expenditures. The net increase in fund balance during the current year in the general fund was $1,107,322. An analysis of the general fund operations in the current year is as follows:

- The City's property tax rate for maintenance and operations (M&O) decreased from $0.481680 to $0.487497 in the current fiscal year. The tax assessed values increased, therefore, M&O tax revenues increased by $779,875 as compared against prior year.
- Licenses and permit fees increased by $84,360, primarily due to large development activity within the City in current year.
- Sales and use taxes and fines and forfeitures had an increase $30,011 over the prior year as a result of increases in sales taxes and fine revenue.
- General fund expenditures increased by $3,075,551 mainly due to an increase in salary expenses related to budgeted raises for employees and capital related expenditures for construction project.

The capital projects fund had a net decrease of $885,508. Expenditures exceeded intergovernmental and investment earnings.

The majority of revenues for the City's governmental funds are generated from taxes (65%), charges for services (14%), and intergovernmental revenue (grants and contributions) (10%). The remainder (11%) is obtained from licenses and permits, fines and forfeitures, investment earnings, and other miscellaneous sources.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and wastewater and drainage funds at the end of the year amounted to $2,892,060 and $938,086, respectively. The net position of the water and wastewater fund increased by $111,281 while the net position of the drainage fund increased by $7,788. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Total actual general fund revenues were more than expected, primarily due to revenues from arising sales tax and investment earnings, as well as charges for services that were in excess of budgeted amounts. Revenue sources were more than anticipated in licenses and permits, sales tax, and interest. See details of budget and actual revenues and expenditures for the general fund in the required supplementary information.

City policy requires the General unassigned fund balance to reflect no less than 60 days of general fund expenditures. At September 30, 2025, unassigned general fund balance reflected approximately 280 days of total general fund expenditures.

CAPITAL ASSETS

As of September 30, 2025, the City had invested $48,088,771 in a broad range of capital assets, including infrastructure, equipment, buildings, and vehicles. More detailed information about the City's capital assets can be found in the notes to the financial statements.

City of Glenn Heights, Texas – Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2025	As Restated 2024	2025	2024	2025	As Restated 2024
Land	$ 1,357,168	$ 1,053,583	$ 78,454	$ 35,161	$ 1,435,622	$ 1,088,744
Construction in progress	3,660,380	3,654,574	51,279	1,370,635	3,711,659	5,025,209
Buildings	15,822,220	15,725,158	295,701	295,701	16,117,921	16,020,859
Improvements	2,730,459	1,033,552	-	-	2,730,459	1,033,552
Infrastructure	11,851,977	10,583,012	18,156,127	16,334,111	30,008,104	26,917,123
Vehicles	4,515,706	4,017,180	353,406	471,689	4,869,112	4,488,869
Equipment	2,568,500	2,514,541	4,940,414	4,837,291	7,508,914	7,351,832
Right-to-use assets	595,740	595,740	-	-	595,740	595,740
Subscription based IT arrangement asset	1,440,416	1,440,416	-	-	1,440,416	1,440,416
Less accumulated depreciation and amortization	(9,651,609)	(7,775,823)	(10,677,567)	(9,789,111)	(20,329,176)	(17,564,934)
Totals	$ 34,890,957	$ 32,841,933	$ 13,197,814	$ 13,555,477	$ 48,088,771	$ 46,397,410

During the current year, significant additions to capital assets include the following:

- Construction in progress - Lin Dell Estates Waterline Extension, Top of the Hill Waterline Upsizing Project, Top of the Hill Pavement Rehabilitation Project, and Completed the All-Abilities Park Project.
- Land – Purchased 4.113 acres for future needs.
- Vehicles - Purchased two (2) new Tahoes for Public Safety and purchased two (2) new ambulances

DEBT ADMINISTRATION

At year-end, the City had $14,207,390 in outstanding debt and other long-term liabilities, as shown below. More detailed information about the City's debt is presented in the notes to the financial statements.

City of Glenn Heights, Texas – Long-term Debt

	Governmental Activities		Business-Type Activities		Totals	
	2025	As Restated 2024	2025	2024	2025	As Restated 2024
Certificates of obligation debt	$ 425,000	$ 670,000	$ -	$ -	$ 425,000	$ 670,000
General obligation debt	9,630,000	10,320,000	-	-	9,630,000	10,320,000
Premium on bonds	779,408	850,265	-	-	779,408	850,265
Notes payable	295,980	389,867	2,148,613	2,317,075	2,444,593	2,706,942
Leases payable	94,180	194,996	-	-	94,180	194,996
Subscription payable	834,209	913,832			834,209	913,832
Totals	$ 12,058,777	$ 13,338,960	$ 2,148,613	$ 2,317,075	$ 14,207,390	$ 15,656,035

Notes and certificates of obligation decreased in the current year primarily due to annual payments made. The City's bond ratings are AA- as assigned by Standard & Poor's.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The information presented in the financial statements should be viewed in the context of the City's operating environment.

The economic outlook for Glenn Heights includes projections for future land use that will guide development in specific areas, aligning with the objectives of the new comprehensive plan. This plan outlines the development strategies we prefer to shape the community's landscape in response to anticipated land-use needs.

Glenn Heights supports the strategic goal of meeting current and future community needs, including commercial, recreational, and environmental requirements and standards. Fueled by multiple new subdivision developments, taxable property values have increased by at least 7% for the sixth consecutive year, reaching $1.8 billion. Among the standout residential projects are Stewart Farms, which will construct approximately 347 homes at W Bear Creek Road & S Westmoreland Road. Another residential development, Valencia Estates, located at the southeast corner of Westmoreland Road and W Bear Creek Road, will convert 112 acres of land into a 400-unit multifamily complex, along with 402 single-family homes, starting at $430,000. Both developments will contribute to traffic signalization at that intersection.

In conjunction with ongoing housing developments, the City has initiated a plan for higher-density development to attract more retail establishments to the area. Furthermore, the vision includes plans for additional usable open spaces that connect pedestrians with local businesses and parks. The concept of mixed-use developments, incorporating multi-family residential buildings alongside neighborhood retail and open space amenities, aligns with the overall vision for future land use.

The City of Glenn Heights continues to witness increases in property tax revenue, driven by rising taxable property values. This upward trend not only reflects the city's consistent growth but also strengthens its financial foundation, enabling Glenn Heights to meet rising demand for public services and maintain a high quality of life for its residents.

Upcoming developments for Glenn Heights include a state-of-the-art data center, scheduled to begin construction in late 2026. This project will add approximately $2 billion in property value to the city's tax base, generating additional revenue to meet increasing service demands. Additionally, a couple of mixed-use commercial developments are underway, including one at the corner of S Uhl Road and Ovilla Road. This 33-acre development is slated for a grocery retailer, combined with a multi-family complex and six additional pad sites, including a corner store/fuel station. Further down Ovilla Road is a planned retail plaza comprising three commercial structures: one is a drive-through restaurant, and the other two together total over 30,000 square feet of retail space.

As Glenn Heights continues to expand with new housing developments and a growing focus on higher-density and retail projects, the demand for public services is rising in tandem. With the population projected to reach 30,000 by the next census, the City faces the challenge of maintaining service levels amid increasing costs. Currently, property taxes account for 63.5% of general fund revenue, making diversifying revenue sources a critical priority. To reduce reliance on property taxes, the City is pursuing a commercially driven strategy—encouraging retail growth to boost sales tax revenue and streamlining permit and license processes. This proactive approach will help ensure long-term financial sustainability while supporting the infrastructure and services needed for a thriving, fast-growing community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Any questions about this report or need for additional financial information should be addressed to City of Glenn Heights, Attn: City Secretary, 1938-C South Hampton Road, Glenn Heights, TX, 75154.

BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

City of Glenn Heights, Texas
Statement of Net Position
September 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 21,682,982	$ 2,059,724	$ 23,742,706
Cash and cash equivalents-restricted	2,428,087	5,956,173	8,384,260
Receivables, net	2,051,607	1,844,850	3,896,457
Inventory	3,140	36,331	39,471
Prepaid expenses	94,291	2,561	96,852
Leases receivable	229,521	-	229,521
Net pension asset	1,887,167	226,359	2,113,526
Capital assets:			
Non-depreciable	5,017,548	129,733	5,147,281
Depreciable, net	29,873,409	13,068,081	42,941,490
Total assets	63,267,752	23,323,812	86,591,564
DEFERRED OUTFLOWS OF RESOURCES			
Pensions related	214,652	25,747	240,399
Other post-employment benefits related	10,814	1,297	12,111
Total deferred outflows	225,466	27,044	252,510
LIABILITIES			
Accounts payable	711,727	193,587	905,314
Accrued liabilities	235,071	48,405	283,476
Accrued interest	42,077	36,991	79,068
Unearned revenue	360,841	-	360,841
Customer deposits	11,630	784,655	796,285
Noncurrent liabilities:			
Due within one year:			
Long-term debt	1,193,198	172,584	1,365,782
Compensated absences	126,158	7,919	134,077
Due in more than one year:			
Long-term debt	10,865,579	1,976,029	12,841,608
Compensated absences	281,855	25,312	307,167
Total OPEB liability	153,205	18,377	171,582
Total liabilities	13,981,341	3,263,859	17,245,200
DEFERRED INFLOWS OF RESOURCES			
Pensions related	250,651	30,064	280,715
Other post-employment benefits related	50,591	6,068	56,659
Leases related	124,990	-	124,990
Total deferred inflows	426,232	36,132	462,364
NET POSITION			
Net investment in capital assets	24,005,447	11,049,201	35,054,648
Restricted for:			
Public safety	405,574	-	405,574
Debt service	71,589	-	71,589
Municipal court	25,757	-	25,757
Capital projects	2,679,379	-	2,679,379
Street improvements	1,612,183	-	1,612,183
Park improvements	948,775	-	948,775
Housing	851,463	-	851,463
Water and sewer improvements	-	5,171,518	5,171,518
Unrestricted	18,485,478	3,830,146	22,315,624
Total net position	$ 49,085,645	$ 20,050,865	$ 69,136,510

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 3,442,246	$ 536,984	$ -	$ 1,256,726
Public safety	7,010,514	727,885	20,219	307,901
Development services	4,309,003	2,108,472	-	338,358
Parks and recreation	979,491	294,293	-	-
Economic development	24,995	-	-	-
Interest on long-term debt	286,273	-	-	-
Total governmental activities	16,052,522	3,667,634	20,219	1,902,985
Business-type activities:				
Water and wastewater	9,803,959	10,843,529	-	-
Drainage	432,971	402,012	-	-
Total business-type activities	10,236,930	11,245,541	-	-
Total primary government	$ 26,289,452	$ 14,913,175	$ 20,219	$ 1,902,985
General revenues:				
Taxes:				
Property				
Franchise				
Sales				
Investment earnings				
Gain (Loss) on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position as restated - beginning of year				
Net position - end of year				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (1,648,536)	$ -	$ (1,648,536)
(5,954,509)	-	(5,954,509)
(1,862,173)	-	(1,862,173)
(685,198)	-	(685,198)
(24,995)	-	(24,995)
(286,273)	-	(286,273)
(10,461,684)	-	(10,461,684)
-	1,039,570	1,039,570
-	(30,959)	(30,959)
-	1,008,611	1,008,611
(10,461,684)	1,008,611	(9,453,073)
10,223,392	-	10,223,392
670,834	-	670,834
1,283,442	-	1,283,442
1,039,197	273,550	1,312,747
-	20,665	20,665
179,341	-	179,341
1,183,757	(1,183,757)	-
14,579,963	(889,542)	13,690,421
4,118,279	119,069	4,237,348
44,967,366	19,931,796	64,899,162
$ 49,085,645	$ 20,050,865	$ 69,136,510

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 12,431,836	$ 4,834,572	$ 4,416,574	$ 21,682,982
Cash and cash equivalents-restricted	-	2,428,087	-	2,428,087
Receivables, net:				
Taxes	353,052	-	36,838	389,890
Accounts	613,152	272,744	8,816	894,712
Grants	-	-	286,901	286,901
Court fines	480,104	-	-	480,104
Inventory	3,140	-	-	3,140
Prepaid items	94,291	-	-	94,291
Leases receivable	229,521	-	-	229,521
Total assets	$ 14,205,096	$ 7,535,403	$ 4,749,129	$ 26,489,628
LIABILITIES				
Accounts payable	$ 640,517	$ 19,931	$ 51,279	$ 711,727
Customer deposits	11,630	-	-	11,630
Accrued liabilities	231,976	-	3,095	235,071
Unearned revenue	226,458	-	134,383	360,841
Total liabilities	1,110,581	19,931	188,757	1,319,269
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	116,242	-	36,837	153,079
Unavailable revenue - court fines	480,105	-	-	480,105
Unavailable revenue - ambulance	367,066	-	-	367,066
Leases related	124,990	-		124,990
Total deferred inflows of resources	1,088,403	-	36,837	1,125,240
FUND BALANCES				
Nonspendable:				
Prepaid item	94,291	-	-	94,291
Inventory	3,140	-	-	3,140
Restricted for:				
Public safety	6,711	-	398,863	405,574
Debt service	-	-	71,589	71,589
Municipal court	5,074	-	20,683	25,757
Capital projects	-	2,679,379	-	2,679,379
Street improvements	-	-	1,612,183	1,612,183
Park improvements	-	-	948,775	948,775
Housing	-	-	851,463	851,463
Other	84,177	-	-	84,177
Committed for:				
Capital projects	-	4,836,093	-	4,836,093
Assigned for:				
Vehicle replacement	-	-	24,508	24,508
Operating grants	-	-	595,558	595,558
Unassigned	11,812,719	-	(87)	11,812,632
Total fund balances	12,006,112	7,515,472	4,523,535	24,045,119
Total liabilities, deferred inflows of resources and fund balances	$ 14,205,096	$ 7,535,403	$ 4,749,129	$ 26,489,628

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2025

Total fund balance governmental funds	$ 24,045,119
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	34,890,957
Uncollected revenues are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	
Property taxes	153,079
Court fines	480,105
Ambulance fees	367,066
Long-term assets, including the net pension asset and deferred outflows, are not current financial resources and therefore are not reported in the governmental funds balance sheet.	
Net pension asset	1,887,167
Deferred outflows of resources - pensions related	214,652
Deferred outflows of resources - other post-employment benefits related	10,814
Long-term liabilities, including bonds payable, notes payable, compensated absences, OPEB liabilities and net pension liability, as well as their related deferred inflows of resources, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	
Bonds payable	(10,055,000)
Notes payable	(295,980)
Bonds premium	(779,408)
Leases payable	(94,180)
Subscription payable	(834,209)
Compensated absences	(408,013)
Deferred inflows of resources - pensions related	(250,651)
Total OPEB liability	(153,205)
Deferred inflows of resources - other post-employment benefits related	(50,591)
Interest payable on long-term debt in the City's governmental activities is not payable from current resources and therefore is not reported in the governmental funds balance sheet.	(42,077)
Net position of governmental activities	$ 49,085,645

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	$ 8,788,248	$ -	$ 1,393,876	$ 10,182,124
Franchise	670,834	-	-	670,834
Sales	1,283,442	-	-	1,283,442
Licenses and permits	757,436	-	-	757,436
Fines and forfeitures	256,493	-	10,978	267,471
Charges for services	2,368,188	-	201,314	2,569,502
Intergovernmental	-	820,930	1,102,274	1,923,204
Investment earnings	821,043	145,562	72,592	1,039,197
Miscellaneous	3,404	-	-	3,404
Total revenues	14,949,088	966,492	2,781,034	18,696,614
EXPENDITURES				
Current:				
General government	3,047,823	-	3,635	3,051,458
Public safety	6,472,364	-	1,430	6,473,794
Development services	3,443,149	-	103,686	3,546,835
Parks and recreation	893,173	-	-	893,173
Economic development	24,995	-	-	24,995
Capital outlay	1,323,600	1,851,125	938,470	4,113,195
Debt service:				
Principal	180,439	-	1,028,887	1,209,326
Interest and other	5,097	-	371,399	376,496
Total expenditures	15,390,640	1,851,125	2,447,507	19,689,272
Excess (deficiency) of revenue over expenditures	(441,552)	(884,633)	333,527	(992,658)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	175,937	-	-	175,937
Transfers in	1,395,615	-	22,678	1,418,293
Transfers out	(22,678)	(875)	(210,983)	(234,536)
Total other financing sources (uses)	1,548,874	(875)	(188,305)	1,359,694
Net change in fund balances	1,107,322	(885,508)	145,222	367,036
Fund balances as restated - beginning of year	10,898,790	8,400,980	4,378,313	23,678,083
Fund balances - end of year	$ 12,006,112	$ 7,515,472	$ 4,523,535	$ 24,045,119

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2025

Net change in fund balance - total governmental funds	$	367,036
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		4,113,195
Depreciation expense		(2,064,171)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of these differences are as follows:		
Property taxes		41,268
Ambulance fees		73,225
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. The details of these differences are as follows:		
Compensated absences		20,191
Accrued interest		19,366
Net pension asset		250,624
Total OPEB liability		17,362
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Payments on bonds, notes, leases, and subscription		1,209,326
Amortization of premium on bond issuance		70,857
Change in net position of governmental activities	$	4,118,279

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Enterprise Funds		
	Water and Wastewater	Nonmajor Drainage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,280,881	$ 778,843	$ 2,059,724
Cash and cash equivalents-restricted	5,956,173	-	5,956,173
Accounts receivable, net	1,718,946	125,904	1,844,850
Inventories	36,331	-	36,331
Prepaid items	344	2,217	2,561
Total current assets	8,992,675	906,964	9,899,639
Noncurrent assets:			
Net pension asset	169,082	57,277	226,359
Capital assets:			
Non-depreciable	86,440	43,293	129,733
Depreciable, net	12,904,037	164,044	13,068,081
Total noncurrent assets	13,159,559	264,614	13,424,173
Total assets	22,152,234	1,171,578	23,323,812
DEFERRED OUTFLOWS OF RESOURCES			
Pensions related	19,232	6,515	25,747
Other post-employment benefits related	969	328	1,297
Total deferred outflows of resources	20,201	6,843	27,044
LIABILITIES			
Current liabilities:			
Accounts payable	193,587	-	193,587
Accrued liabilities	37,221	11,184	48,405
Accrued interest	36,991	-	36,991
Payable from restricted assets:			
Customer deposits	784,655	-	784,655
Total current liabilities	1,052,454	11,184	1,063,638
Noncurrent liabilities:			
Due within one year:			
Loan payable	172,584	-	172,584
Compensated absences	5,402	2,517	7,919
Due in more than one year:			
Loan payable	1,976,029	-	1,976,029
Compensated absences	19,807	5,505	25,312
Total OPEB liability	13,727	4,650	18,377
Total noncurrent liabilities	2,187,549	12,672	2,200,221
Total liabilities	3,240,003	23,856	3,263,859
DEFERRED INFLOWS OF RESOURCES			
Pensions related	22,457	7,607	30,064
Other post-employment benefits related	4,533	1,535	6,068
Total deferred inflows of resources	26,990	9,142	36,132
NET POSITION			
Net investment in capital assets	10,841,864	207,337	11,049,201
Restricted for:			
Water and sewer improvements	5,171,518	-	5,171,518
Unrestricted	2,892,060	938,086	3,830,146
Total net position	$ 18,905,442	$ 1,145,423	$ 20,050,865

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Funds		
	Water and Wastewater	Nonmajor Drainage	Total
OPERATING REVENUES			
Charges for services:			
Water sales	$ 4,771,525	$ -	$ 4,771,525
Sewer sales	5,645,741	-	5,645,741
Drainage sales	-	402,012	402,012
Service charges	311,429	-	311,429
Water and sewer connections	103,795	-	103,795
Miscellaneous	11,039	-	11,039
Total operating revenues	10,843,529	402,012	11,245,541
OPERATING EXPENSES			
Personnel services	820,451	258,479	1,078,930
Supplies	184,783	13,697	198,480
Contractual services	4,588,774	141,483	4,730,257
Waste water treatment	1,077,641	-	1,077,641
Water purchases	2,091,262	-	2,091,262
Depreciation	987,417	19,312	1,006,729
Total operating expenses	9,750,328	432,971	10,183,299
Operating income (loss)	1,093,201	(30,959)	1,062,242
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	219,028	54,522	273,550
Gain (Loss) on sale of capital assets	20,665	-	20,665
Interest expense	(53,631)	-	(53,631)
Total nonoperating revenues	186,062	54,522	240,584
Income (loss) before transfers	1,279,263	23,563	1,302,826
TRANSFERS			
Transfer in	121,983	-	121,983
Transfers out	(1,289,965)	(15,775)	(1,305,740)
Total transfers	(1,167,982)	(15,775)	(1,183,757)
Change in net position	111,281	7,788	119,069
Net position - beginning of year	18,794,161	1,137,635	19,931,796
Net position - end of year	$ 18,905,442	$ 1,145,423	$ 20,050,865

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Funds		
	Water and Wastewater	Nonmajor Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 10,641,671	$ 321,355	$ 10,963,026
Payments to suppliers and service providers	(7,843,531)	(158,064)	(8,001,595)
Payments to employees for salaries and benefits	(802,438)	(264,875)	(1,067,313)
Net cash provided (used) by operating activities	1,995,702	(101,584)	1,894,118
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid (to) from other funds	(1,167,982)	(15,775)	(1,183,757)
Net cash provided (used) by noncapital financing activities	(1,167,982)	(15,775)	(1,183,757)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,916,194)	(89,978)	(2,006,172)
Proceeds from sale of capital assets	1,377,771	-	1,377,771
Principal paid on notes	(168,462)	-	(168,462)
Interest paid on notes	(56,698)	-	(56,698)
Net cash provided (used) by capital and related financing activities	(763,583)	(89,978)	(853,561)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	219,028	54,522	273,550
Net cash provided (used) by investing activities	219,028	54,522	273,550
Net increase (decrease) in cash, cash equivalents, and restricted cash	283,165	(152,815)	130,350
Cash, cash equivalents, and restricted cash - beginning	6,953,889	931,658	7,885,547
Cash, cash equivalents, and restricted cash - ending	$ 7,237,054	$ 778,843	$ 8,015,897

The notes to the financial statements are an integral part of this statement.

City of Glenn Heights, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025
continued

	Enterprise Funds		
	Water and Wastewater	Nonmajor Drainage	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,093,201	$ (30,959)	$ 1,062,242
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	987,417	19,312	1,006,729
(Increase) decrease in accounts receivable	(203,388)	(80,657)	(284,045)
(Increase) decrease in inventories	(2,688)	-	(2,688)
(Increase) decrease in prepaid expenses	-	(2,217)	(2,217)
(Increase) decrease in deferred outflows	25,865	3,884	29,749
(Increase) decrease in net pension asset	(33,044)	(25,599)	(58,643)
Increase (decrease) in accounts payable	103,937	(667)	103,270
Increase (decrease) in accrued liabilities	11,783	7,659	19,442
Increase (decrease) in accrued liabilities	-	-	-
Increase (decrease) in retainage payable	(2,320)	-	(2,320)
Increase (decrease) in compensated absences	3,623	1,071	4,694
Increase (decrease) in deferred inflows	(3,941)	1,939	(2,002)
Increase (decrease) in total OPEB liability	13,727	4,650	18,377
Increase (decrease) in customer deposits	1,530	-	1,530
Total adjustments	902,501	(70,625)	831,876
Net cash provided (used) by operating activities	$ 1,995,702	$ (101,584)	$ 1,894,118

The notes to the financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Glenn Heights, Texas (the City) was incorporated on September 16, 1969, to operate as a general law city. In August 1987, the City amended its charter and currently operates as a home rule city. The City is regulated by the Code of State Statutes of the State of Texas and is authorized to perform the following services: public safety (police and fire), public works, planning, inspection, sanitation, water and sewer utilities, storm drainage, and general administrative services. The City operates under a council-manager form of government. The Council is comprised of seven officials including a mayor and six council members.

The City prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The Council has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Blended Component Unit

The Glenn Heights Housing Finance Corporation (GHHFC) was created in 2016 by state law for the purpose of benefiting and accomplishing public purpose of, and on behalf of, the City by financing the cost of residential ownership and development that will provide decent, safe, and sanitary housing for residents of the City at prices they can afford. The GHHFC was created as a housing finance corporation pursuant to Chapter 394 of the Texas Local Government Code.

The City Council is the governing board for the Corporation. Further, the City Council has the ability to impose its will on the entity. The Corporation is presented as a governmental fund type and has a September 30 year-end. Separately issued financial statements are not available for GHHFC.

B. Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for interfund services provided and other charges between the City's various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund accounts for the acquisition of capital assets or construction of major capital projects being financed by 2015 and 2016 bond proceeds.

The City reports the following major proprietary fund:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(continued)*

C. Basis of Presentation - Fund Financial Statements – *(continued)*

The water and wastewater fund is used to account for water and sewer improvements and operations.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities (i.e., the governmental) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfer in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current* financial *resources* or *economic* resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of* accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, court fines, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period of availability for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting.*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government.

Investments

Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(continued)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – *(continued)*

Restricted Assets

Certain resources set aside for the repayment of customer utility deposits are classified as restricted assets on the balance sheet because their use is limited to such purpose. Also included in restricted assets are capital recovery fees (impact fees) that are, by law, restricted for future capital improvements. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

Receivables and Allowances for Doubtful Accounts

All trade and property tax receivables are shown net of an allowance for uncollectible. Property taxes are based on the appraised values provided by the Dallas County and Ellis County Appraisal Districts, as applicable. Taxes are levied by October 1 of each year, and are due in full with no discounts granted. Unpaid property taxes become delinquent on February 1 of the following year. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City. The City's current policy is to write-off uncollectible personal property taxes after four years.

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund statement of net position. Capital assets are defined by the government as assets with an initial cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10 - 40
Infrastructure	10 - 50
Improvements	5 - 30
Equipment	3 - 10
Vehicles	2 - 10

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items per the consumption method in both government-wide and fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(continued)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – *(continued)*

Unearned Revenues

Unearned revenues are reported when cash is received before the related performance or eligibility requirements are met. These relate primarily to the grant funds received in advance for the COVID-19 ARPA grants, which will be recognized in future years to the extent that funds are spent. The City also reports unearned revenues for facility rental payments received before the rental is used, DART, opioid lawsuit funds and developer agreement revenue.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with GASB Statement No. 101, Compensated Absences, the City recognizes a liability for compensated absences when leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled in the future. These are accrued when incurred in the government-wide, and proprietary fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension and other post-employment benefit (OPEB) contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

  In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(continued)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – *(continued)*

Other Post-Employment Benefits

For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Subscription-Based Information Technology Arrangements

The City has noncancellable contracts with subscription-based information technology arrangements (SBITA) vendors for the right to use information technology software, alone or in combination with tangible capital assets. The City recognizes a subscription liability, reported with noncurrent liabilities, and a right to use subscription asset (SBITA asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with subscription term greater than one year and no variable payments. At the commencement of SBITA, the City initially measurers the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently the subscription liability is reduced by the principal portion of SBITA payments made. As of September 30, 2025, the City has no SBITA requiring capitalizing SBITA asset and related liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(continued)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – *(continued)*

Net Position and Fund Balance

Net position represents the difference between assets, deferred outflows of resources and deferred inflows of resources and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. In the fund financial statements, governmental funds report fund balance categorized as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally) imposed by creditors, grantors, contributors, or laws of regulations of other governments, of (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification includes amounts intended to be used by the City for specific purposes. The City Council has designated the City Manager or his/her designee as the official authorized person to assign fund balance. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

Unassigned fund balance – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The City's general fund policy requires no less than 60 days of general fund expenditures in unassigned fund balance.

Net Position

Net position represents the difference between assets, deferred outflows/inflows and liabilities. Net position-net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use of funds either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(continued)*

F. Newly Implemented and Upcoming Accounting Standards

The GASB has issued the following statements:

GASB issued Statement No. 101, "Compensated Absences," that clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2023. The City has implemented this statement in fiscal year 2025. The implementation of this statement resulted in no change to the beginning net position balances of the City.

GASB issued Statement No. 102, "Certain Risk Disclosures," that clarifies the definitions & disclosure guidance for risks due to concentration or constraint. The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources and a constraint as a limitation imposed by an external party or formal action of the government's highest level of decision-making authority. The Statement requires the government to assess wither a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact, and whether an event associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin within the 12 months after the date the financial statements are issued. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2024. The City has determined that there is no impact from implementing this Statement.

GASB issued Statement No. 103, "Financial Reporting Model Improvements," that attempts to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement expands requirements for the management discussion & analysis, presentation of proprietary fund statement of revenues, expenses & changes in fund net position, and information related to major component units & budgetary comparisons. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

GASB issued Statement No. 104, "Disclosure of Certain Capital Assets," to clarify the disclosure requirements related to capital assets. This Statement requires separate disclosure of capital assets arising from leases, public-private & public-public partnerships & availability payment arrangements, and subscription-based information technology arrangements, and additional disclosures for capital assets held for sale. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

NOTE 2: DEPOSITS AND INVESTMENTS

The City may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

The Texas Short-Term Asset Reserve Investment Pool ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management Inc. serves as investment advisor and co-administrator with First Southwest. TexSTAR invests in treasury and agency securities and repurchase agreements fully collateralized by government securities. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective. The reported value of the pool is the same as the fair value of the pool shares. Due to its short-term, highly liquid nature, investments in TexSTAR have been reported as cash equivalents.

TexSTAR has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

NOTE 2: DEPOSITS AND INVESTMENTS *(continued)*

In compliance with the Public Funds Investment Act, the government has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to the City. The City's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The City is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Credit Risk: This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the City's policy to limit its investments to those investments rated at least AAAm. The credit quality rating for TexSTAR at year end was AAAm by Standard & Poor's.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy requires management to minimize risk of loss due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.

Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. The City is not exposed to foreign currency risk.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the City's policy to not allow for a concentration of credit risk. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The City is not exposed to concentration of credit risk.

As of September 30, 2025, the fair value of the City's TexStar investments was $12,841,007 and the investments have a weighted average maturity of 49 days.

NOTE 3: RECEIVABLES

Receivables as of year-end for the City's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water & Wastewater Fund	Nonmajor Drainage Fund	Totals
Receivables:						
Property taxes	$ 216,502	$ -	$ 40,314	$ -	$ -	$ 256,816
Sales taxes	222,187	-	-	-	-	222,187
Ambulance	711,834	-	-	-	-	711,834
Grant	-	-	286,901	-	-	286,901
Garbage	328,811	-	-	-	-	328,811
Court fines	584,780	-	-	-	-	584,780
Utility fees	-	-	-	2,874,740	166,575	3,041,315
Other	110,884	272,744	8,816	-	-	392,444
Gross receivables	2,174,998	272,744	336,031	2,874,740	166,575	5,825,088
Less: allowance for uncollectibles	(728,690)	-	(3,476)	(1,155,794)	(40,671)	(1,928,631)
Total receivables, net	$ 1,446,308	$ 272,744	$ 332,555	$ 1,718,946	$ 125,904	$ 3,896,457

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	As Restated Beginning Balance	Additions / Transfers in	Disposals / Transfers out	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated & amortized:				
Land	$ 1,053,583	$ 303,585	$ -	$ 1,357,168
Construction in progress	3,654,574	1,969,986	(1,964,180)	3,660,380
Total capital assets, not being depreciated & amortized	4,708,157	2,273,571	(1,964,180)	5,017,548
Capital assets, being depreciated & amortized:				
Buildings	15,725,158	97,062	-	15,822,220
Parks and improvements	1,033,552	1,696,907	-	2,730,459
Infrastructure - streets	10,583,012	1,268,965	-	11,851,977
Vehicles	4,017,180	686,911	(188,385)	4,515,706
Equipment	2,514,541	53,959	-	2,568,500
Right-to-use assets	595,740	-	-	595,740
Subscription based IT arrangement asset	1,440,416	-	-	1,440,416
Total capital assets, being depreciated & amortized	35,909,599	3,803,804	(188,385)	39,525,018
Less: accumulated depreciation & amortization				
Buildings	(240,755)	(412,870)	-	(653,625)
Parks and improvements	(829,503)	(81,398)	-	(910,901)
Infrastructure - streets	(3,056,798)	(712,260)	-	(3,769,058)
Vehicles	(1,811,404)	(357,565)	188,385	(1,980,584)
Equipment	(1,061,445)	(273,814)	-	(1,335,259)
Right-to-use assets	(479,231)	(99,726)	-	(578,957)
Subscription based IT arrangement asset	(296,687)	(126,538)	-	(423,225)
Total accumulated depreciation & amortization	(7,775,823)	(2,064,171)	188,385	(9,651,609)
Total capital assets being depreciated & amortization, net	28,133,776	1,739,633	-	29,873,409
Governmental activities capital assets, net	$ 32,841,933	$ 4,013,204	$ (1,964,180)	$ 34,890,957
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 35,161	$ 43,293	$ -	$ 78,454
Construction in Progress	1,370,635	1,759,763	(3,079,119)	51,279
Total capital assets, not being depreciated	1,405,796	1,803,056	(3,079,119)	129,733
Capital assets, being depreciated:				
Buildings	295,701	-	-	295,701
Infrastructure - water	10,230,711	1,737,987	-	11,968,698
Infrastructure - sewer	5,842,307	64,705	-	5,907,012
Infrastructure - drainage	261,093	19,324	-	280,417
Vehicles	471,689	-	(118,283)	353,406
Equipment	4,837,291	103,123	-	4,940,414
Total capital assets, being depreciated	21,938,792	1,925,139	(118,283)	23,745,648
Less: accumulated depreciation				
Buildings	(224,185)	(9,655)	-	(233,840)
Infrastructure - water	(5,591,871)	(342,115)	-	(5,933,986)
Infrastructure - sewer	(2,768,119)	(163,692)	-	(2,931,811)
Infrastructure - drainage	(167,110)	(6,248)	-	(173,358)
Vehicles	(422,746)	(19,532)	118,273	(324,005)
Equipment	(615,080)	(465,487)	-	(1,080,567)
Total accumulated depreciation	(9,789,111)	(1,006,729)	118,273	(10,677,567)
Total capital assets being depreciated, net	12,149,681	918,410	(10)	13,068,081
Business-type activities capital assets, net	$ 13,555,477	$ 2,721,466	$ (3,079,129)	$ 13,197,814

NOTE 4: CAPITAL ASSETS

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Government activities:		
General government	$	439,699
Public safety		729,209
Development services		794,987
Parks and recreation		100,276
Total	$	2,064,171
Business-type activities:		
Water and sewer	$	987,417
Drainage		19,312
Total	$	1,006,729

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund activity for the year ended September 30, 2025 is as follows:

Transfer Out	Transfer In	Amount	Purpose
Water and wastewater	General fund	$ 1,289,965	Payment in lieu of taxes
Drainage	General fund	15,775	Payment in lieu of taxes
Capital projects fund	General fund	875	Subsidize project
Nonmajor governmental	General fund	89,000	Subsidize project
General fund	Nonmajor governmental	22,678	Subsidize project
Nonmajor governmental	Water and wastewater	121,983	Payment in lieu of taxes & grants
Total		$ 1,540,276	

NOTE 6: LONG-TERM LIABILITIES

Changes in the City's long-term liabilities for the year ended September 30, 2025 are as follows:

	As Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of obligation debt	$ 670,000	$ -	$ (245,000)	$ 425,000	$ 135,000
General obligation debt	10,320,000	-	(690,000)	9,630,000	710,000
Premium on bonds	850,265	-	(70,857)	779,408	70,855
Notes payable	389,867	-	(93,887)	295,980	96,234
Leases payable	194,996	-	(100,816)	94,180	94,180
Subscription payable	913,832	-	(79,623)	834,209	86,929
Total OPEB liability	175,265	-	(22,060)	153,205	-
Compensated absences	428,204	-	(20,191)	408,013	126,158
Total governmental activities	$ 13,942,429	$ -	$ (1,322,434)	$ 12,619,995	$ 1,319,356
Business-type activities:					
Notes payable	$ 2,317,075	$ -	$ (168,462)	$ 2,148,613	$ 172,584
Total OPEB liability	-	18,377	-	18,377	-
Compensated absences	28,537	4,694	-	33,231	7,919
Total business-type activities	$ 2,345,612	$ 23,071	$ (168,462)	$ 2,200,221	$ 180,503

NOTE 6: LONG-TERM LIABILITIES *(continued)*

Bonds Payable

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. All of the City's general obligation bonds and contractual obligation-private placement are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law. The City's certificates of obligation issues are direct obligations of the city, payable from a combination of (i) an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed $1,000) of the surplus net revenues of the City's water and wastewater system. Should the City default on its outstanding bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City. Bonds payable at September 30, 2025 are comprised of the following issues:

2008 Certificates of Obligation, original issue $2,050,000, dated September 1, 2008, due in annual installments through February 15, 2028, at 4.04% interest.	$ 425,000
2016 General Obligation Refunding Bonds, original issue $13,820,000, dated August 23, 2016, due in annual installments through February 15, 2036, at 2.65% interest.	9,630,000
Total	$ 10,055,000

The debt service requirements for the City's certificates of obligation and general obligations are as follows:

Certificates of Obligation

Fiscal Year	Principal	Interest	Total
2026	$ 135,000	$ 14,443	$ 149,443
2027	140,000	8,888	148,888
2028	150,000	3,030	153,030
Total	$ 425,000	$ 26,361	$ 451,361

General Obligations

Fiscal Year	Principal	Interest	Total
2026	$ 710,000	$ 308,800	$ 1,018,800
2027	740,000	287,050	1,027,050
2028	765,000	264,475	1,029,475
2029	810,000	240,850	1,050,850
2030	835,000	216,175	1,051,175
2031-2035	4,715,000	656,175	5,371,175
2036	1,055,000	21,100	1,076,100
Total	$ 9,630,000	$ 1,994,625	$ 11,624,625

Notes Payable

In 2017, the City entered into a state infrastructure bank loan agreement in the amount of $1,500,000. The proceeds will be used to relocate utility lines for road construction. In 2021, the City entered into a capital loan agreement in the amount of $2,800,000, to partially fund an automated meter reader (AMR) project. Should the City default on the notes, the lender may, by all legal and equitable means, require the City to remedy any default under the use and filing of mandamus proceedings. These notes payable are direct obligations of the City. Notes payable at September 30, 2025 are as follows:

Governmental Activities:	
2017 State Infrastructure Bank Loan Agreement, original issue $1,500,000, dated September 25, 2017, due in annual installments through October 02, 2027, at 2.50% interest.	$ 295,980
Business-Type Activities:	
2021 Capital Loan Agreement, original issue $2,800,000, dated January 5, 2021, due in annual installments through January 15, 2036, at 2.45% interest.	$ 2,148,613

NOTE 6: LONG-TERM LIABILITIES - Notes Payable *(continued)*

The debt service requirements for the City's notes payable are as follows:

Notes Payable - Governmental Activities

Fiscal Year	Principal	Interest	Total
2026	$ 96,234	$ 6,197	$ 102,431
2027	98,640	3,761	102,401
2028	101,106	1,264	102,370
Total	$ 295,980	$ 11,222	$ 307,202

Notes Payable - Business-type Activities

Fiscal Year	Principal	Interest	Total
2026	$ 172,584	$ 52,577	$ 225,161
2027	176,807	48,353	225,160
2028	181,134	44,027	225,161
2029	185,566	39,595	225,161
2030	190,107	35,054	225,161
2031-2035	1,022,632	103,172	1,125,804
2036	219,783	5,378	225,161
Total	$ 2,148,613	$ 328,156	$ 2,476,769

NOTE 7: LEASES

Lessee

The City has entered into multiple lease agreements as lessee. The leases allow lease assets of equipment over the term of the lease. The City is required to make periodic payments at its incremental borrowing rate stated or implied with the leases. The leases carries a weighted average interest rate of 4.81% with the final payments in November 2025. Annual payments to maturity for the leases are as follows:

Leases Payable

Fiscal Year	Principal	Interest	Total
2026	$ 94,180	$ 759	$ 94,939
Total	$ 94,180	$ 759	$ 94,939

Lessor

The City has entered into multiple lease agreements as lessor. Buildings are leased over the term of the lease. The City is required to receive periodic payments at its incremental borrowing rate stated or implied with the leases. The leases carries a weighted average interest rate of 4.50% with the final payments in August 2027 and June 2035. The future lease receivable payments are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 24,323	$ 9,831	$ 34,154
2027	24,138	8,716	32,854
2028	18,586	7,768	26,354
2029	19,440	6,914	26,354
2030	21,217	6,016	27,233
Thereafer	121,817	13,465	135,282
Total	$ 229,521	$ 52,710	$ 282,231

NOTE 8: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

GASB had previously issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). GASB 96 provides guidance on financial reporting for SBITA for government end users. SBITA results in a right-to-use subscription asset and related liability. The City has entered into a SBITA that allows the right to use the SBITA vendor's data storage over the subscription term. The City is required to make annual payments for the SBITA. As of September 30, 2025, SBITA assets, net of accumulated amortization, and SBITA liabilities were $1,017,191. SBITA cost is $79,623 and amortization of SBITA assets is $126,538. The interest rate is 4.50% with final payment in September 2032.

NOTE 8: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS *(continued)*

The following table presents Annual payments to maturity as of September 30, 2025.

	Subscription Payable		
Fiscal Year	Principal	Interest	Total
2026	$ 86,929	$ 33,271	$ 120,200
2027	94,680	29,126	123,806
2028	105,480	24,516	129,996
2029	117,099	19,397	136,496
2030	129,590	13,731	143,321
2031-2032	300,431	8,067	308,498
Total	$ 834,209	$ 128,108	$ 962,317

NOTE 9: RETIREMENT SYSTEM - DEFINED BENEFIT PENSION

Plan Description - The City participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided - TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the city-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. A summary of plan provisions for the City are as follows:

	Plan Year 2024	Plan Year 2023
Employee deposit rate	6%	6%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20

Employees Covered by Benefit Terms – At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	150
Active employees	102
Total	329

Contributions - Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

NOTE 9: RETIREMENT SYSTEM - DEFINED BENEFIT PENSION - Contributions *(continued)*

Employees for the City were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 4.44% and 3.97% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were $320,285 and were equal to required contributions.

Net Pension Liability - The City's net pension liability (NPL) was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The TPL in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

- Inflation – 2.5% per year
- Overall payroll growth 2.75% per year, adjusted down for population declines, if any
- Investment Rate of Return – 6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.00%	7.10%
Core fixed income	6.00%	5.00%
Non-core fixed income	6.00%	6.80%
Infrastructure	6.00%	6.00%
Private debt	13.00%	8.20%
Other private markets	4.00%	7.30%
Real estate	12.00%	6.70%
Hedge funds	5.00%	6.40%
Private equity	13.00%	8.50%
Total	100.00%	

NOTE 9: RETIREMENT SYSTEM - DEFINED BENEFIT PENSION *(continued)*

Discount Rate – The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position (FNP) was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Pension Plan Fiduciary Net Position Detailed information about the pension plan's FNP is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at trms.com.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c)
Balance at 12/31/23	$ 11,142,374	$ 12,750,393	$ (1,608,019)
Changes for the year:			
Service cost	807,504	-	807,504
Interest	762,922	-	762,922
Changes in benefit terms	-		-
Difference between expected and actual experience	2,284	-	2,284
Changes in assumptions	-	-	-
Contributions - employer	-	324,169	(324,169)
Contributions - employee	-	438,067	(438,067)
Net investment income	-	1,324,675	(1,324,675)
Benefit payments, including refunds of employee contributions	(487,162)	(487,162)	-
Administrative expense	-	(8,497)	8,497
Other changes	-	(197)	197
Net changes	1,085,548	1,591,055	(505,507)
Balance at 12/31/24	$ 12,227,922	$ 14,341,448	$ (2,113,526)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset)	$ (352,073)	$ (2,113,526)	$ (3,551,540)

Pension Expense and Deferred Outflows and Inflows of Resources - For the year ended September 30, 2025, the City recognized pension gain in the amount of $270,151. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 117,310
Changes in actuarial assumptions	-	12,545
Difference between projected and actual investment earnings	-	150,860
Contributions subsequent to the measurement date	240,399	-
Total	$ 240,399	$ 280,715

NOTE 9: RETIREMENT SYSTEM - DEFINED BENEFIT PENSION *(continued)*

Pension Expense and Deferred Outflows and Inflows of Resources *(continued)*

$240,399 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the subsequent year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year Ended December 30,		
2025	$	(126,405)
2026		139,094
2027		(200,600)
2028		(92,804)
2029		-
Thereafter		-
Total	$	(280,715)

NOTE 10: RETIREMENT SYSTEM - DEFINED OTHER POST-EMPLOYMENT BENEFIT

Plan Description - TMRS administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single employer OPEB plan (i.e. no assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB 75).

OPEB Plan Fiduciary Net Position - Detailed information about the TMRS SDBF's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. This report may be obtained at www.tmrs.com.

Benefits Provided – SDBF is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another post-employment benefit and is a fixed amount of $7,500.

Contributions – City contribution rates for the SDBF are established at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees for the City were not required to contribute to the SDBF. The contribution rates for the City were 0.24% and 0.20% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were $16,429 and were equal to required contributions.

Employees Covered by Benefit Terms - At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	17
Active employees	102
Total	143

NOTE 10: RETIREMENT SYSTEM - DEFINED OTHER POST-EMPLOYMENT BENEFIT *(continued)*

Actuarial Assumptions - The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Discount Rate*	4.08%
Retirees' share of benefit related costs	$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates - disabled retirees	2019 Municipal Retirees of TexasMortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.
Note: The actuarial assumption used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Total OPEB Liability - The City's total OPEB liability was determined by an actuarial valuation as of December 31, 2024.

	Total OPEB Liability
Balance at 12/31/23	$ 175,265
Changes for the year:	
Service cost	14,602
Interest	6,800
Changes of benefit terms including TMRS plan participation	-
Difference between expected and actual experience	(10,701)
Changes of assumptions	(10,003)
Benefit payments	(4,381)
Net changes	(3,683)
Balance at 12/31/24	$ 171,582

Discount Rate Sensitivity Analysis - The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	$ 207,093	$ 171,582	$ 144,104

OPEB Expense and Deferred Outflows and Inflows of Resources - For the year ended September 30, 2025, the City recognized OPEB gain in the amount of $43,104. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 19,432
Changes in actuarial assumptions	-	37,227
Contributions subsequent to the measurement date	12,111	-
Total	$ 12,111	$ 56,659

NOTE 10: RETIREMENT SYSTEM - DEFINED OTHER POST-EMPLOYMENT BENEFIT *(continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources *(continued)*

$12,111 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the subsequent year. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year Ended December 30,		
2025	$	(13,923)
2026		(19,233)
2027		(17,998)
2028		(2,901)
2029		(2,604)
Thereafter		-
Total	$	(56,659)

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The City pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and the Property-Liability Fund are considered self-sustaining risk pools that provide coverage for their members for up to $2,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in any of the past three years.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Water and Sewer Contracts

The City has separate contracts with the City of Dallas Utilities and Services (DUS) and the Trinity River Authority of Texas (TRA) for the purchase of treated water and for the transportation, treatment, and disposal of wastewater. The DUS agreement expires in 2039. The contracts require the City to pay varying amounts based on the costs associated with water purchased and wastewater transported and/or treated and disposed. The costs include the City's proportionate share of TRA's operating and maintenance expenses, related debt service costs, and certain other miscellaneous charges.

Payments during fiscal year 2025 for the purchase of treated water from DUS were $1,949,260 and payments made for the transportation, treatment, and disposal of wastewater by TRA were $1,095,660. If the City were unable to fulfill its obligations under the contracts, the only liability for future payment would be its proportionate share of debt service requirements. In addition, the City does not retain an ongoing financial interest in TRA and has no representation on the TRA Board of Directors; therefore, the TRA contracts are not considered to be joint venture agreements.

Contingencies

The City is a defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City. The City also participates in a number of federal and state grant programs. These programs are subject to compliance audits by the grantors or their representatives. Any liability that may arise as of the result of these audits is not believed to be estimable or probable.

NOTE 13: TAX ABATEMENTS

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code.

Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has one category of economic development:

General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2025, the City did not rebate any taxes.

NOTE 14: GLENN HEIGHTS HOUSING FINANCE CORPORATION

The Glenn Heights Housing Finance Corporation (GHHFC) was created in 2016 by state law for the purpose of benefiting and accomplishing public purpose of, and on behalf of, the City by financing the cost of residential ownership and development that will provide decent, safe, and sanitary housing for residents of the City at prices they can afford.

The GHHFC is sole owner of Glenn Heights Housing Development Corporation (GHHDC). The GHHDC owns a 1% stake in an apartment complex in Glenn Heights, named Palladium Glenn Heights. As a minority owner of Palladium Glenn Heights, GHHDC receives distributions on a quarterly basis.

NOTE 15: RESTATEMENTS

During fiscal year 2025, certain errors were identified in the fiscal year 2024 financial statements related to the reporting of expenditures, revenues, GASB 87 balances, and GASB 96 balances in the general fund, grants fund, and the governmental activities.

There was an error in GASB 87 leases as a lessee calculation in the prior year. This resulted in an understatement of right of use (ROU) assets, lease payable, and net position of governmental activities and overstatement of accumulated amortization of ROU assets as of September, 2024.

There was an error in not reporting GASB 87 leases as a lessor in the prior year. This resulted in an understatement of lease receivable, deferred inflows of leases, and fund balance of the general fund and net position of governmental activities as of September, 2024.

There was an error in not reporting GASB 96 SBITA in the prior year. This resulted in an understatement of SBITA assets, SBITA accumulated amortization, subscription payable, and net position of governmental activities as of September, 2024.

$364,088 related to intergovernmental revenue were understated at the end of the prior fiscal year. This resulted in an understatement of revenues in the governmental funds, the governmental activities, and the enterprise fund as of September 30, 2024.

As a result of these errors, the City's financial statements for the fiscal year ended September 30, 2024, have been restated. The correction has been applied retroactively to properly reflect the financial position and changes in financial position.

NOTE 15: RESTATEMENTS *(continued)*

Summary of the correction of the prior period errors is as follows:

Fund Balance Restatement	General Fund	Grants Fund
Fund balance - as originally reported	$ 10,789,600	$ (24,694)
Leases receivable and deferred inflows - leases, net understatement	109,190	-
Intergovernmental grant revenue understatement	-	364,088
Fund balance as of September 30, 2024 - restated	$ 10,898,790	$ 339,394

Net Position Restatement	Governmental Activities
Net position - as originally reported	$ 44,158,552
Leases receivable and deferred inflows - leases, net understatement	109,190
Intergovernmental grant revenue understatement	364,088
ROU assets and liability, net understatement	105,639
SBITA assets and liability, net understatement	229,897
Net position as of September 30, 2024 - restated	$ 44,967,366

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 18, 2026, the date which the financial statements were available to be issued. There are no matters to report with the evaluation.

This page left blank intentionally.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

City of Glenn Heights, Texas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2025
(Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes:				
Property	$ 8,779,380	$ 8,779,380	$ 8,788,248	$ 8,868
Franchise	630,000	630,000	670,834	40,834
Sales	1,300,000	1,300,000	1,283,442	(16,558)
Licenses and permits	598,250	598,250	757,436	159,186
Fines and forfeitures	246,000	246,000	256,493	10,493
Charges for service	1,879,130	1,879,130	2,368,188	489,058
Investment earnings	300,000	300,000	821,043	521,043
Miscellaneous	3,000	3,000	3,404	404
Total revenues	13,735,760	13,735,760	14,949,088	1,213,328
EXPENDITURES				
Current:				
General government	2,983,156	2,890,277	3,047,823	(157,546)
Public safety	6,846,093	6,846,093	6,472,364	373,729
Development services	3,000,153	3,000,153	3,443,149	(442,996)
Parks and recreation	1,210,352	1,210,352	893,173	317,179
Economic development	54,650	54,650	24,995	29,655
Capital outlay	15,000	15,000	1,323,600	(1,308,600)
Debt service:				
Principal	84,100	176,979	180,439	(3,460)
Interest and other	8,570	8,570	5,097	3,473
Total expenditures	14,202,074	14,202,074	15,390,640	(1,188,566)
Excess (deficiency) of revenues over expenditures	(466,314)	(466,314)	(441,552)	24,762
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	90,000	90,000	175,937	85,937
Transfers in	125,775	125,775	1,395,615	1,269,840
Transfers out	-	-	(22,678)	(22,678)
Total other financing sources (uses)	215,775	215,775	1,548,874	1,333,099
Net change in fund balance	(250,539)	(250,539)	1,107,322	1,357,861
Fund balance as restated - beginning of year	10,898,790	10,898,790	10,898,790	-
Fund balance - end of year	$ 10,648,251	$ 10,648,251	$ 12,006,112	$ 1,357,861

BUDGETS AND BUDGETARY ACCOUNTING

Annual operating budgets are adopted on a modified accrual (GAAP) basis for the general fund, 911 wireless fund, and debt service fund. The legal level of budgetary control is the fund. All annual appropriations lapse at fiscal year-end. Budgetary appropriations for the City's capital projects funds are adopted on an individual project basis and extend through project completion. The Glenn Heights housing finance corporation fund, municipal court technology fund, municipal court security fund, police seizure fund, park development fund, street impact fee fund, veterans memorial fund, American rescue plane act fund, and grants fund did not have an operating budget prepared for the current fiscal year.

The City follows these procedures in establishing the annual operating budgets reflected in the financial statements:

1. Prior to August 1, the City Manager prepared a proposed annual operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The annual operating budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year to which it applies, which can be amended by the Council.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. At year-end, encumbrances are canceled or re-appropriated as part of the following year budget.

Investment earnings was higher than budget due to better than anticipated investment revenue.

The development services and capital outlay functions of the general fund were over budget by $442,996 and $1,308,600, respectively. Capital outlays were overbudget due to general fund paying costs for a capital project that was anticipated to be paid in the enterprise fund. Development services were over budget due to unanticipated costs accrued at the end of the fiscal year. The overage was covered by transfers from other funds and budget savings in other functions.

City of Glenn Heights, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Last Ten Measured Years
(Unaudited)

Measurement date December 31,	**2015**	**2016**	**2017**	**2018**
Total pension liability				
Service Cost	$ 288,738	$ 336,567	$ 364,021	$ 444,332
Interest	493,227	517,152	544,744	501,823
Changes of benefit terms	-	-	-	(946,622)
Differences between expected and actual experience	(55,716)	(97,859)	(215,283)	(147,753)
Assumption changes	100,033	-	-	-
Benefit payments, including refunds of employee contributions	(166,992)	(302,573)	(419,079)	(426,658)
Net change in total pension liability	659,290	453,287	274,403	(574,878)
Total pension liability - beginning	6,985,227	7,644,517	8,097,804	8,372,207
Total pension liability - ending (a)	$ 7,644,517	$ 8,097,804	$ 8,372,207	$ 7,797,329
Plan fiduciary net position				
Contributions - employer	$ 100,120	$ 112,560	$ 134,627	$ 146,613
Contributions - employee	185,485	211,914	225,633	245,036
Net investment income	10,852	505,424	1,108,830	(270,920)
Benefit payments	(166,992)	(302,573)	(419,079)	(426,658)
Administrative expense	(6,609)	(5,706)	(5,745)	(5,234)
Other	(328)	(307)	(291)	(273)
Net change in plan fiduciary net position	122,528	521,312	1,043,975	(311,436)
Plan fiduciary net position - beginning	7,353,716	7,476,244	7,997,556	9,041,531
Plan fiduciary net position - ending (b)	$ 7,476,244	$ 7,997,556	$ 9,041,531	$ 8,730,095
Net pension liability (asset) - ending (a) - (b)	$ 168,273	$ 100,248	$ (669,324)	$ (932,766)
Plan fiduciary net position as a percentage of total pension liability	97.80%	98.76%	107.99%	111.96%
Covered payroll	$ 3,091,411	$ 3,516,894	$ 3,760,543	$ 4,083,937
Net pension liability (asset) as a percentage of covered payroll	5.44%	2.85%	-17.80%	-22.84%

2019	2020	2021	2022	2023	2024
$ 481,770	$ 513,565	$ 530,822	$ 566,730	$ 688,053	$ 807,504
525,921	554,348	581,835	678,483	733,988	762,922
-	-	-	962,823	-	-
(148,894)	(196,474)	(160,409)	(21,550)	(534,992)	2,284
8,911	-	-	-	(56,567)	-
(493,592)	(431,343)	(514,341)	(488,075)	(435,967)	(487,162)
374,116	440,096	437,907	1,698,411	394,515	1,085,548
7,797,329	8,171,445	8,611,541	9,049,448	10,747,859	11,142,374
$ 8,171,445	$ 8,611,541	$ 9,049,448	$ 10,747,859	$ 11,142,374	$ 12,227,922
$ 132,820	$ 139,033	$ 177,273	$ 167,046	$ 348,630	$ 324,169
266,662	283,738	298,774	309,971	368,271	438,067
1,349,805	757,388	1,397,923	(881,429)	1,293,901	1,324,675
(493,592)	(431,343)	(514,341)	(488,075)	(435,967)	(487,162)
(7,626)	(4,901)	(6,467)	(7,627)	(8,235)	(8,497)
(229)	(192)	45	9,101	(59)	(197)
1,247,840	743,723	1,353,207	(891,013)	1,566,541	1,591,055
8,730,095	9,977,935	10,721,658	12,074,865	11,183,852	12,750,393
$ 9,977,935	$ 10,721,658	$ 12,074,865	$ 11,183,852	$ 12,750,393	$ 14,341,448
$ (1,806,490)	$ (2,110,117)	$ (3,025,417)	$ (435,993)	$ (1,608,019)	$ (2,113,526)
122.11%	124.50%	133.43%	104.06%	114.43%	117.28%
$ 4,444,371	$ 4,678,965	$ 4,979,572	$ 5,165,869	$ 6,137,852	$ 7,301,124
-40.65%	-45.10%	-60.76%	-8.44%	-26.20%	-28.95%

City of Glenn Heights, Texas
Schedule of Contributions
Texas Municipal Retirement System
Last Ten Fiscal Years
(Unaudited)

Fiscal year ending September 30,	2016	2017	2018	2019
Actuarially determined contribution	$ 117,195	$ 127,656	$ 147,381	$ 130,212
Contributions in relation to the actuarially determined contributions	117,195	133,216	147,381	142,398
Contribution (excess) deficiency	$ -	$ (5,560)	$ -	$ (12,186)
Covered payroll	$ 3,487,950	$ 3,799,274	$ 3,951,234	$ 4,227,673
Contributions as a percentage of covered payroll	3.36%	3.51%	3.73%	3.37%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	N/A
Asset valuation method	10 year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other information	There were no benefit changes during the year.

2020	2021	2022	2023	2024	2025
$ 137,704	$ 172,818	$ 177,273	$ 193,113	$ 349,824	$ 320,285
137,704	172,818	177,273	302,266	349,824	320,285
$ -	$ -	$ -	$ (109,153)	$ -	$ -
$ 4,444,371	$ 5,077,651	$ 5,004,530	$ 5,923,068	$ 7,061,618	$ 7,854,621
3.10%	3.40%	3.54%	5.10%	4.95%	4.08%

City of Glenn Heights, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Ten Fiscal Years
(Unaudited)

Measurement date December 31,	2017	2018	2019	2020
A. Total OPEB liability				
Service cost	$ 7,897	$ 9,393	$ 8,889	$ 12,768
Interest (on the total OPEB liability)	4,662	4,893	5,445	5,006
Changes of benefit terms including TMRS plan participation	-	-	-	-
Differences between expected and actual experience	-	(2,569)	(11,018)	(6,485)
Changes of assumptions	12,350	(11,253)	31,386	34,834
Benefit payments, including refunds of employee contributions	(1,128)	(1,225)	(1,333)	(1,419)
Net change in Total OPEB liability	23,781	(761)	33,369	44,704
Total OPEB liability - beginning	119,957	143,738	142,977	176,346
Total OPEB liability - ending	$ 143,738	$ 142,977	$ 176,346	$ 221,050
B. Covered payroll	$ 3,760,543	$ 4,083,937	$ 4,444,371	$ 4,728,963
C. Total OPEB liability as a percentage covered payroll	3.82%	3.50%	3.97%	4.67%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

- Included in the changes of assumptions was an increase to the discount rate from 1.84% to 4.05%.

- Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).

- Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

2021	2022	2023	2024
$ 14,441	$ 17,565	$ 12,276	$ 14,602
4,536	4,319	6,476	6,800
-	-	-	-
(17,800)	514	(5,704)	(10,701)
7,996	(91,453)	10,303	(10,003)
(2,988)	(2,583)	(3,683)	(4,381)
6,185	(71,638)	19,668	(3,683)
221,050	227,235	155,597	175,265
$ 227,235	$ 155,597	$ 175,265	$ 171,582
$ 4,979,572	$ 5,165,869	$ 6,137,852	$ 7,301,124
4.56%	3.01%	2.86%	2.35%

This page left blank intentionally.

COMBINING & INDIVIDUAL
FUND STATEMENTS & SCHEDULES

This page left blank intentionally.

NONMAJOR GOVERNMENTAL FUNDS

MUNICIPAL COURT TECHNOLOGY FUND – To account for municipal court fees collected through the court to enhance existing operations through technology.

MUNICIPAL COURT SECURITY FUND – To account for municipal court fees collected through the court to provide for various municipal court security features.

911 WIRELESS FUND – To account for 911 wireless revenue collected to enhance the 911 network within the City.

POLICE SEIZURE FUND – To account for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified department purposes.

STREET IMPACT FEE FUND – To account for the acquisition of capital assets or construction of major capital projects being financed by street impact fees.

VETERANS MEMORIAL FUND – To account for the revenue and expenditures related to Veterans Memorial City Events.

DISASTER RECOVERY FUND – To account for the revenue and expenditures related to disaster recovery.

VEHICLE REPLACEMENT FUND – To accumulate resources for the acquisition of vehicles funded by the general fund.

GRANTS FUND – To account for the revenue and expenditures related to various state and federal grants.

PARKS DEVELOPMENT FUND – To account for the acquisition of capital assets or construction of major capital projects being financed by park development fees.

AMERICAN RESCUE PLAN ACT FUND - To account for expenditures and receipts related to the coronavirus local fiscal recovery fund grant program. The purpose of this grant is to help alleviate the costs incurred by the City as a result of the COVID-19 pandemic.

GLENN HEIGHTS HOUSING FINANCE CORPORATION FUND – To account for revenue collected from the residential ownership and development that will provide affordable, decent, safe, and sanitary housing for residents of the City.

DEBT SERVICE – Accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

City of Glenn Heights, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

		Special Revenue			
	Debt Service	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure
ASSETS					
Cash and cash equivalents	$ 71,588	$ 20,683	$ 37,351	$ 326,496	$ 15,521
Receivables, net:					
Taxes	36,838	-	-	-	-
Accounts	-	-	-	8,816	-
Grants	-	-	-	-	-
Total assets	$ 108,426	$ 20,683	$ 37,351	$ 335,312	$ 15,521
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-	-
Unearned revenue	-	-	-	95,076	-
Total liabilities	-	-	-	95,076	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	36,837	-	-	-	-
Total deferred inflows of resources	36,837	-	-	-	-
FUND BALANCES					
Restricted for:					
Public safety	-	-	37,351	240,236	15,521
Debt service	71,589	-	-	-	-
Municipal court	-	20,683	-	-	-
Street improvements	-	-	-	-	-
Park improvements	-	-	-	-	-
Housing	-	-	-	-	-
Other					
Assigned for:					
Vehicle replacement	-	-	-	-	-
Operating grants	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	71,589	20,683	37,351	240,236	15,521
Total liabilities, deferred inflows of resources and fund balances	$ 108,426	$ 20,683	$ 37,351	$ 335,312	$ 15,521

*Formerly a major fund

Special Revenue						
Park Development*	American Rescue Plan Act Fund*	Street Impact Fee	Grants	Veterans Memorial	Glenn Heights Housing Finance Corporation
$ 948,775	$ 196,341	$ 1,612,183	$ 308,657	$ 3,008	$ 851,463
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	286,901	-	-
$ 948,775	$ 196,341	$ 1,612,183	$ 595,558	$ 3,008	$ 851,463
$ -	$ 51,279	$ -	$ -	$ -	$ -
-	-	-	-	3,095	-
-	39,307	-	-	-	-
-	90,586	-	-	3,095	-
-	-	-	-	-	-
-	-	-	-	-	-
-	105,755	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,612,183	-	-	-
948,775	-	-	-	-	-
-	-	-	-	-	851,463
-	-	-	-	-	-
-	-	-	595,558	-	-
-	-	-	-	(87)	-
948,775	105,755	1,612,183	595,558	(87)	851,463
$ 948,775	$ 196,341	$ 1,612,183	$ 595,558	$ 3,008	$ 851,463

City of Glenn Heights, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025
continued

	Capital Projects		
	Disaster Recovery Fund	Vehicle Replacement	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ -	$ 24,508	$ 4,416,574
Receivables, net:			
Taxes	-	-	36,838
Accounts	-	-	8,816
Grants	-	-	286,901
Total assets	$ -	$ 24,508	$ 4,749,129
LIABILITIES			
Accounts payable	$ -	$ -	$ 51,279
Accrued liabilities	-	-	3,095
Unearned revenue	-	-	134,383
Total liabilities	-	-	188,757
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	36,837
Total deferred inflows of resources	-	-	36,837
FUND BALANCES			
Restricted for:			
Public safety	-	-	398,863
Debt service	-	-	71,589
Municipal court	-	-	20,683
Street improvements	-	-	1,612,183
Park improvements	-	-	948,775
Housing	-	-	851,463
Other			
Assigned for:			
Vehicle replacement	-	24,508	24,508
Operating grants	-	-	595,558
Unassigned	-	-	(87)
Total fund balances	-	24,508	4,523,535
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 24,508	$ 4,749,129

This page left blank intentionally.

City of Glenn Heights, Texas
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For Fiscal Year Ended September 30, 2025

		Special Revenue		
	Debt Service	Municipal Court Technology	Municipal Court Security	911 Wireless
REVENUES				
Taxes:				
Property	$ 1,393,876	$ -	$ -	$ -
Fines and forfeitures	-	4,960	6,018	-
Charges for services	-	-	-	133,952
Intergovernmental	-	-	-	-
Investment earnings	24,035	30	2,582	17,929
Total revenues	1,417,911	4,990	8,600	151,881
EXPENDITURES				
Current:				
General government	-	3,635	-	-
Public safety	-	-	-	-
Development services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	1,028,887	-	-	-
Interest and other	371,399	-	-	-
Total expenditures	1,400,286	3,635	-	-
Excess (deficiency) of revenue over expenditures	17,625	1,355	8,600	151,881
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(20,000)	(69,000)
Total other financing sources (uses)	-	-	(20,000)	(69,000)
Net change in fund balances	17,625	1,355	(11,400)	82,881
Fund balances as restated - beginning of year	53,964	19,328	48,751	157,355
Fund balances - end of year	$ 71,589	$ 20,683	$ 37,351	$ 240,236

*Formerly a major fund

Special Revenue							
Police Seizure	Park Development*	American Rescue Plan Act Fund*	Street Impact Fee	Grants	Veterans Memorial	Glenn Heights Housing Finance Corporation
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	67,362	-	-	-	-	-
-	-	435,796	-	666,478	-	-
650	6,958	1,579	4,667	-	30	8,464
650	74,320	437,375	4,667	666,478	30	8,464
-	-	-	-	-	-	-
-	-	-	-	1,430	-	-
-	-	-	103,686	-	-	-
-	22,507	455,796	19,900	286,901	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	22,507	455,796	123,586	288,331	-	-
650	51,813	(18,421)	(118,919)	378,147	30	8,464
2,678	-	20,000	-	-	-	-
-	-	-	-	(121,983)	-	-
2,678	-	20,000	-	(121,983)	-	-
3,328	51,813	1,579	(118,919)	256,164	30	8,464
12,193	896,962	104,176	1,731,102	339,394	(117)	842,999
$ 15,521	$ 948,775	$ 105,755	$ 1,612,183	$ 595,558	$ (87)	$ 851,463

City of Glenn Heights, Texas
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For Fiscal Year Ended September 30, 2025
continued

	Capital Projects		
	Disaster Recovery Fund	Vehicle Replacement	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
Property	$ -	$ -	$ 1,393,876
Fines and forfeitures	-	-	10,978
Charges for services	-	-	201,314
Intergovernmental	-	-	1,102,274
Investment earnings	-	5,668	72,592
Total revenues	-	5,668	2,781,034
EXPENDITURES			
Current:			
General government	-	-	3,635
Public safety	-	-	1,430
Development services	-	-	103,686
Capital outlay	-	153,366	938,470
Debt service:			
Principal	-	-	1,028,887
Interest and other	-	-	371,399
Total expenditures	-	153,366	2,447,507
Excess (deficiency) of revenue over expenditures	-	(147,698)	333,527
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	22,678
Transfers out	-	-	(210,983)
Total other financing sources (uses)	-	-	(188,305)
Net change in fund balances	-	(147,698)	145,222
Fund balances as restated - beginning of year	-	172,206	4,378,313
Fund balances - end of year	$ -	$ 24,508	$ 4,523,535

City of Glenn Heights, Texas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Debt Service Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 1,404,820	$ 1,404,820	$ 1,393,876	$ (10,944)
Investment earnings	8,500	8,500	24,035	15,535
Total revenues	1,413,320	1,413,320	1,417,911	4,591
EXPENDITURES				
Debt service:				
Principal	1,028,900	1,028,900	1,028,887	13
Interest and other charges	371,970	371,970	371,399	571
Total expenditures	1,400,870	1,400,870	1,400,286	584
Excess (deficiency) of revenues over expenditures	12,450	12,450	17,625	5,175
Net change in fund balance	12,450	12,450	17,625	5,175
Fund balance - beginning of year	53,964	53,964	53,964	-
Fund balance - end of year	$ 66,414	$ 66,414	$ 71,589	$ 5,175

City of Glenn Heights, Texas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
911 Wireless Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 80,000	$ 80,000	$ 133,952	$ 53,952
Investment earnings	500	500	17,929	17,429
Total revenues	80,500	80,500	151,881	71,381
EXPENDITURES				
Current:				
Capital outlay	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Excess (deficiency) of revenues over expenditures	70,500	70,500	151,881	81,381
OTHER FINANCING SOURCES (USES)				
Transfers out	(69,000)	(69,000)	(69,000)	-
Total other financing sources (uses)	(69,000)	(69,000)	(69,000)	-
Net change in fund balance	1,500	1,500	82,881	81,381
Fund balance - beginning of year	157,355	157,355	157,355	-
Fund balance - end of year	$ 158,855	$ 158,855	$ 240,236	$ 81,381

STATISTICAL SECTION (Unaudited)

This part of the City' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changes over time.

Revenue Capacity
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its electric utility, sales tax, and property tax revenues.

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information
These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.

Operating Information
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Glenn Heights, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Governmental Activities				
Net investment in capital assets	$ 4,562,272	$ 5,204,571	$ 5,936,599	$ 6,702,547
Restricted	1,425,617	1,342,294	2,239,846	2,877,878
Unrestricted	3,718,269	7,469,021	8,650,641	10,589,739
Total governmental activities net position	$ 9,706,158	$ 14,015,886	$ 16,827,086	$ 20,170,164
Business-type Activities				
Net investment in capital assets	$ 7,968,336	$ 7,855,594	$ 7,921,771	$ 8,016,832
Restricted	1,029,083	935,872	935,873	1,493,141
Unrestricted	3,377,936	5,240	1,556,532	2,200,129
Total business-type activities net position	$ 12,375,355	$ 8,796,706	$ 10,414,176	$ 11,710,102
Primary Government				
Net investment in capital assets	$ 12,530,608	$ 13,060,165	$ 13,858,370	$ 14,719,379
Restricted	2,454,700	2,278,166	3,175,719	4,371,019
Unrestricted	7,096,205	7,474,261	10,207,173	12,789,868
Total primary government net position	$ 22,081,513	$ 22,812,592	$ 27,241,262	$ 31,880,266

Table 1

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 5,308,855	$ 9,048,730	$ 19,142,755	$ 15,026,282	$ 19,502,973	$ 24,005,447
10,879,796	10,366,965	7,086,622	5,406,624	4,186,856	6,594,720
9,143,364	11,177,741	9,327,223	19,004,390	21,277,537	18,485,478
$ 25,332,015	$ 30,593,436	$ 35,556,600	$ 39,437,296	$ 44,967,366	$ 49,085,645
$ 9,235,450	$ 9,328,791	$ 10,387,688	$ 10,100,996	$ 11,238,402	$ 11,049,201
3,114,284	3,554,912	3,057,948	3,314,121	5,030,737	5,171,518
1,461,751	2,512,867	3,090,331	2,967,321	3,662,657	3,830,146
$ 13,811,485	$ 15,396,570	$ 16,535,967	$ 16,382,438	$ 19,931,796	$ 20,050,865
$ 14,544,305	$ 18,377,521	$ 29,530,443	$ 25,127,278	$ 30,741,375	$ 35,054,648
13,994,080	13,921,877	10,144,570	8,720,745	9,217,593	11,766,238
10,605,115	13,690,608	12,417,554	21,971,711	24,940,194	22,315,624
$ 39,143,500	$ 45,990,006	$ 52,092,567	$ 55,819,734	$ 64,899,162	$ 69,136,510

City of Glenn Heights, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	$ 1,423,332	$ 1,797,957	$ 1,693,295	$ 1,661,645
Public safety	3,433,775	3,507,497	3,906,025	3,688,352
Development services	1,242,726	1,828,117	1,869,192	1,816,232
Parks and recreation	229,493	289,891	275,791	308,197
Economic development	-	98,608	10,969	94,631
Interest and fiscal charges	435,848	483,925	527,847	670,841
Total governmental activities expenses	6,765,174	8,005,995	8,283,119	8,239,898
Business-type activities:				
Water and sewer	5,405,054	4,837,014	5,175,140	5,633,428
Drainage	96,708	182,223	221,728	292,821
Total business-type activities expenses	5,501,762	5,019,237	5,396,868	5,926,249
Total primary government expenses	$ 12,266,936	$ 13,025,232	$ 13,679,987	$ 14,166,147
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 268,221	$ 874,769	$ 921,172	$ 980,597
Public safety	667,125	391,651	337,143	292,725
Development services	1,622,519	793,617	1,756,642	1,744,458
Parks and recreation	178,490	30,762	319,183	278,743
Economic development	-	-	-	-
Operating grants and contributions	133,417	53,915	35,827	156,819
Capital grants and contributions	-	-	-	-
Total governmental activities program program revenues	2,869,772	2,144,714	3,369,967	3,453,342
Business-type activities:				
Charges for services:				
Water and sewer	5,366,787	5,292,082	6,064,621	5,906,579
Drainage	279,460	394,761	297,778	316,459
Capital grants and contributions	730,490	120,440	726,793	1,279,576
Total business-type activities program revenues	6,376,737	5,807,283	7,089,192	7,502,614
Total primary government program revenues	$ 9,246,509	$ 7,951,997	$ 10,459,159	$ 10,955,956
Net (expense) revenue				
Governmental activities	$ (3,895,402)	$ (5,861,281)	$ (4,913,152)	$ (4,786,556)
Business-type activities	874,975	788,046	1,692,324	1,576,365
Total primary government net expense	$ (3,020,427)	$ (5,073,235)	$ (3,220,828)	$ (3,210,191)

Table 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 1,778,859	$ 1,906,746	$ 2,131,380	$ 2,820,998	$ 2,248,383	$ 3,442,246
4,293,107	4,157,166	4,220,503	5,715,827	6,219,761	7,010,514
1,775,135	2,053,633	2,128,107	2,229,395	3,294,106	4,309,003
410,719	270,365	360,504	885,500	954,467	979,491
86,272	5,828	7,907	67,717	34,226	24,995
560,455	463,362	581,840	324,366	311,363	286,273
8,904,547	8,857,100	9,430,241	12,043,803	13,062,306	16,052,522
6,499,183	6,865,571	7,876,884	9,445,109	9,063,526	9,803,959
310,566	277,613	186,512	232,361	585,883	432,971
6,809,749	7,143,184	8,063,396	9,677,470	9,649,409	10,236,930
$ 15,714,296	$ 16,000,284	$ 17,493,637	$ 21,721,273	$ 22,711,715	$ 26,289,452
$ 1,368,040	$ 1,054,985	$ 1,171,626	$ 418,702	$ 586,480	$ 536,984
719,312	432,954	555,380	511,438	556,901	727,885
2,994,658	2,360,606	1,746,815	2,711,400	1,932,415	2,108,472
195,000	230,020	157,323	266,995	196,444	294,293
24,995	-	-	-	-	-
222,074	188,967	240,508	176,352	4,775	20,219
751,017	-	-	12,293	4,018,727	1,902,985
6,275,096	4,267,532	3,871,652	4,097,180	7,295,742	5,590,838
6,447,182	6,697,235	8,358,346	8,590,130	10,931,748	10,843,529
394,310	353,201	396,917	424,186	400,085	402,012
808,383	1,710,410	774,433	476,818	33,979	-
7,649,875	8,760,846	9,529,696	9,491,134	11,365,812	11,245,541
$ 13,924,971	$ 13,028,378	$ 13,401,348	$ 13,588,314	$ 18,661,554	$ 16,836,379
$ (2,629,451)	$ (4,589,568)	$ (5,558,589)	$ (7,946,623)	$ (5,766,564)	$ (10,461,684)
840,126	1,617,662	1,466,300	(186,336)	1,716,403	1,008,611
$ (1,789,325)	$ (2,971,906)	$ (4,092,289)	$ (8,132,959)	$ (4,050,161)	$ (9,453,073)

City of Glenn Heights, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)
continued

	Fiscal Year			
	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property	$ 3,544,884	$ 4,582,246	$ 5,358,784	$ 5,827,813
Franchise	521,335	533,253	597,722	650,581
Sales and use	597,531	635,443	658,609	641,454
Interest	30,614	145,931	283,646	435,332
Miscellaneous	43,393	2,579	218,228	9,566
Gain (Loss) on sale	-	-	504,920	-
Transfers	1,255,883	4,271,557	102,443	308,123
Total governmental activities	5,993,640	10,171,009	7,724,352	7,872,869
Business-type activities:				
Interest	2,390	2,991	27,589	27,684
Miscellaneous	3,925	1,871	-	-
Gain (Loss) on sale	-	-	-	-
Transfers	(1,255,883)	(4,271,557)	(102,443)	(308,123)
Total business-type activities	(1,249,568)	(4,266,695)	(74,854)	(280,439)
Total primary government	$ 4,744,072	$ 5,904,314	$ 7,649,498	$ 7,592,430
Change in Net Position				
Governmental activities	$ 2,098,238	$ 4,309,728	$ 2,811,200	$ 3,086,313
Business-type activities	(374,593)	(3,478,649)	1,617,470	1,295,926
Total primary government	$ 1,723,645	$ 831,079	$ 4,428,670	$ 4,382,239

Table 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 6,267,189	$ 7,315,655	$ 8,319,739	$ 8,934,919	$ 9,363,297	$ 10,223,392
581,890	484,368	622,997	731,228	697,192	670,834
827,365	944,926	1,015,376	1,131,746	1,274,335	1,283,442
1,063,512	863,722	146,652	848,061	1,207,987	1,039,197
113,986	205,542	86,986	41,227	147,923	179,341
-	-	-	103,363	(226,847)	-
(1,254,287)	36,776	330,003	36,775	(1,658,264)	1,183,757
7,599,655	9,850,989	10,521,753	11,827,319	10,805,623	14,579,963
6,970	4,199	3,100	69,582	174,691	273,550
-	-	-	-	-	-
-	-	-	-	-	20,665
1,254,287	(36,776)	(330,003)	(36,775)	1,658,264	(1,183,757)
1,261,257	(32,577)	(326,903)	32,807	1,832,955	(889,542)
$ 8,860,912	$ 9,818,412	$ 10,194,850	$ 11,860,126	$ 12,638,578	$ 13,690,421
$ 4,970,204	$ 5,261,421	$ 4,963,164	$ 3,880,696	$ 5,039,059	$ 4,118,279
2,101,383	1,585,085	1,139,397	(153,529)	3,549,358	119,069
$ 7,071,587	$ 6,846,506	$ 6,102,561	$ 3,727,167	$ 8,588,417	$ 4,237,348

City of Glenn Heights, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
General fund				
Nonspendable	$ 49,735	$ 10,984	$ 10,152	$ 155,249
Restricted	235	235	235	235
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	2,321,019	1,496,001	1,847,212	3,598,848
Total general fund	$ 2,370,989	$ 1,507,220	$ 1,857,599	$ 3,754,332
All other governmental funds				
Nonspendable	$ -	$ -	$ -	$ -
Assigned	615,072	454,331	156,532	155,210
Restricted	18,635,138	23,017,333	24,300,647	24,041,328
Committed	-	-	-	-
Unassigned	(2,692)	(3,824)	(3,604)	(2,580)
Total all other governmental funds	$ 19,247,518	$ 23,467,840	$ 24,453,575	$ 24,193,958

Table 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 3,789	$ 13,812	$ 219,809	$ 5,154	$ 10,000	$ 97,431
-	-	-	-	-	95,962
-	-	-			-
-	-	-	-	-	-
6,698,384	9,518,530	6,785,669	8,541,761	8,650,951	11,812,719
$ 6,702,173	$ 9,532,342	$ 7,005,478	$ 8,546,915	$ 8,660,951	$ 12,006,112
$ -	$ -	$ -	$ -	$ -	$ -
476,571	561,714	498,312	530,407	536,294	620,066
24,911,131	20,183,052	8,184,262	7,802,158	6,435,611	6,582,935
-	-	8,105,911	8,656,972	5,832,199	4,836,093
(246)	(172,320)	(157,596)	(164,519)	(117)	(87)
$ 25,387,456	$ 20,572,446	$ 16,630,889	$ 16,825,018	$ 12,803,987	$ 12,039,007

City of Glenn Heights, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes				
Property	$ 3,555,770	$ 4,651,017	$ 5,368,045	$ 5,826,989
Franchise	597,531	635,443	658,609	641,454
Sales and use	521,335	533,253	597,722	650,581
Licenses and permits	1,260,105	737,187	1,244,519	1,169,898
Fines and forfeitures	234,595	187,737	99,725	138,101
Charges for services	637,856	1,121,789	1,442,344	1,538,982
Intergovernmental	32,613	50,361	33,723	151,476
Impact fees	362,414	56,430	512,123	574,560
Interest	30,614	145,931	283,646	435,332
Contributions	101,655	3,854	2,604	5,343
Other	43,005	2,954	218,090	266,381
Total revenues	7,377,493	8,125,956	10,461,150	11,399,097
Expenditures				
Current:				
General government	1,400,013	1,758,337	1,600,115	1,753,038
Public safety	3,252,763	3,231,304	3,643,067	3,872,333
Development services	1,048,121	1,631,342	1,680,147	1,637,025
Parks and recreation	146,799	207,139	201,094	273,368
Economic development	-	96,641	10,205	91,317
Capital outlay	563,515	904,059	851,927	1,661,107
Debt service:				
Principal retirement	355,000	645,000	640,000	690,000
Interest and service charges	368,553	567,138	600,924	745,316
Total Expenditures	7,134,764	9,040,960	9,227,479	10,723,504
Excess of revenues over (under) expenditures	242,729	(915,004)	1,233,671	675,593
Other Financing Sources (Uses)				
Insurance proceeds	13,118	-	-	-
Sale of capital assets	-	-	-	-
Issuance of long-term debt	-	13,820,000	-	-
Bond premium	-	1,417,106	-	-
Issuance of lease	725,000	-	-	-
Transfer in	2,124,087	5,876,493	988,843	721,979
Transfer out	(868,204)	(1,604,936)	(886,400)	(413,856)
Total other financing sources (uses)	1,994,001	19,508,663	102,443	308,123
Net change in fund balances	$ 2,236,730	$ 18,593,659	$ 1,336,114	$ 983,716

Table 4

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 6,558,611	$ 7,327,760	$ 8,291,257	$ 8,923,656	$ 9,391,208	$ 10,182,124
581,890	484,368	622,997	731,228	697,192	670,834
827,365	944,926	1,015,376	1,131,749	1,274,335	1,283,442
2,601,813	1,922,255	1,446,215	1,233,235	673,076	757,436
190,125	226,005	199,113	243,763	240,531	267,471
1,511,202	1,626,393	1,735,581	2,043,715	2,251,810	2,569,502
947,201	120,880	41,109	135,832	4,023,502	1,923,204
402,705	475,807	323,190	193,170	-	-
1,063,512	863,722	146,652	848,061	1,207,987	1,039,197
3,550	450	129,507	52,813	-	-
127,972	134,183	8,023	8,700	128,801	3,404
14,815,946	14,126,749	13,959,020	15,545,922	19,888,442	18,696,614
1,741,486	1,921,792	2,155,171	2,683,946	2,485,658	3,051,458
4,130,098	4,120,928	4,274,179	4,888,220	5,908,352	6,473,794
1,503,544	1,802,743	1,839,643	2,101,403	2,726,877	3,546,835
376,155	235,961	340,614	814,888	934,883	893,173
86,716	5,501	5,082	66,061	34,226	24,995
2,155,488	6,566,667	10,254,602	1,907,226	6,301,806	4,113,195
938,219	1,004,929	1,444,563	1,039,140	1,239,929	1,209,326
608,112	568,818	522,538	482,134	417,670	376,496
11,539,818	16,227,339	20,836,392	13,983,018	20,049,401	19,689,272
3,276,128	(2,100,590)	(6,877,372)	1,562,904	(160,959)	(992,658)
-	-	-	-	-	-
-	-	-	103,363	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	79,073	78,948	32,527	19,122	175,937
-	319,776	5,944,934	1,107,955	1,259,870	1,418,293
-	(283,000)	(5,614,931)	(1,071,180)	(2,918,134)	(234,536)
-	115,849	408,951	172,665	(1,639,142)	1,359,694
$ 3,276,128	$ (1,984,741)	$ (6,468,421)	$ 1,735,569	$ (1,800,101)	$ 367,036

City of Glenn Heights, Texas
Assessed Value and Estimated Actual Value of
Taxable Property
Last Ten Fiscal Years
(Unaudited)

Tax Year	Fiscal Year End	Real Property Residential	Real Property Commercial	Real and Tangible Personal Utilities	Tangible Personal Property
2015	2016	$ 417,562,366	$ 43,292,680	$ 13,624,820	$ 4,632,438
2016	2017	462,526,664	49,856,550	14,025,820	5,178,510
2017	2018	544,884,075	62,342,513	13,581,900	8,458,221
2018	2019	599,588,793	44,905,699	15,977,600	11,381,636
2019	2020	684,463,749	46,379,435	17,480,545	12,159,492
2020	2021	787,452,861	21,399,445	18,773,900	14,430,831
2021	2022	1,123,335,603	59,682,720	21,254,510	14,653,491
2022	2023	1,489,927,548	76,798,404	22,381,960	13,588,135
2023	2024	1,807,160,361	80,933,321	24,070,109	17,695,054
2024	2025	1,892,147,295	121,189,392	25,851,408	20,766,610

Table 5

Inventory	Less: Exempt Property	Total	Total Direct Tax Rate
$ 2,122,890	$ (35,690,224)	$ 445,544,970	79.50%
2,589,660	(41,678,520)	492,498,684	93.55%
6,338,260	(56,821,738)	578,783,231	88.54%
2,719,930	(49,559,731)	625,013,927	87.92%
15,770,287	(66,312,289)	709,941,219	83.35%
26,085,618	(100,291,987)	767,850,668	80.44%
26,114,590	(176,034,906)	1,069,006,008	76.91%
19,710,045	(261,311,871)	1,361,094,221	63.22%
91,770,069	(377,285,664)	1,644,394,310	56.47%
26,172,374	(377,800,351)	1,708,326,728	56.50%

City of Glenn Heights, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

		City Direct Rates			Overlapping Rates		
Tax Year	Fiscal Year	General	Debt Service	Total Direct	DeSoto ISD	Red Oak ISD	Ellis County
2015	2016	0.682474	0.110926	0.793400	1.460000	1.540000	0.380091
2016	2017	0.682468	0.253062	0.935530	1.490000	1.540000	0.380091
2017	2018	0.670822	0.214612	0.885434	1.490000	1.540000	0.359713
2018	2019	0.663441	0.215740	0.879181	1.490000	1.540000	0.338984
2019	2020	0.649394	0.184129	0.833523	1.528350	1.438350	0.329557
2020	2021	0.641088	0.163342	0.804430	1.529090	1.359200	0.320194
2021	2022	0.636542	0.132604	0.769146	1.388600	1.325600	0.310708
2022	2023	0.532646	0.099565	0.632211	1.258200	1.291000	0.273001
2023	2024	0.481680	0.083049	0.564729	1.072800	1.105600	0.252862
2024	2025	0.487497	0.077518	0.565015	1.225200	1.105600	0.273992

Source: Dallas County and Ellis County Appraisal Districts

Overlapping Rates

Ellis County Lateral Road	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
0.033508	0.243100	0.286000	0.123650	0.010000
0.033508	0.226000	0.261400	0.104000	0.010000
0.033508	0.243100	0.279400	0.124238	0.010000
0.031549	0.243100	0.279400	0.124000	0.010000
0.030976	0.243100	0.269500	0.124000	0.010000
0.030082	0.239740	0.266100	0.124000	0.010000
0.028630	0.227946	0.255000	0.123510	0.010000
0.022866	0.217946	0.235800	0.115899	0.010000
0.196700	0.215718	0.219500	0.110028	-
-	0.215500	0.212000	0.105595	-

City of Glenn Heights, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

	2025			2016		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed**
Oncor Electric Delivery Co	$ 24,033,950	1	1.35%	$ 9,192,740	1	2.06%
Glenn Heights Community LLC	23,254,800	2	1.30%			
Bloomfield Homes, LP	16,176,270	3	0.91%			
Glenn Heights Town & Country	8,315,000	4	0.47%			
Hi Ho RV Park, LP	6,403,310	5	0.36%			
First Texas Homes, Inc.	6,068,312	6	0.34%			
Progress Residential	5,897,629	7	0.33%			
TGA SC Glenn Heights, LP	5,567,440	8	0.31%			
Bear Creek Investments, LLC	5,450,106	9	0.31%			
Hilco Electric Cooperative Inc	5,248,850	10	0.29%	1,478,170	8	
Delaware Glenn Heights, LLC.				2,850,000	2	0.64%
Oso Homes, LLC.				1,983,770	3	0.44%
DMJ Properties, LTD.				1,829,470	4	0.41%
Margaux Bear Creek				1,700,000	5	0.38%
MAHS Inc				1,638,820	6	0.37%
Glenn Heights Bargain Storage				1,520,000	7	0.34%
Sullivan Builders				1,474,270	9	0.33%
Nikooi Group, LLC.				1,442,130	10	0.32%
Totals	$ 82,381,717		5.97%	$ 25,109,370		5.29%

Source: Dallas County Tax Assessor/ Collector

Table 8

City of Glenn Heights, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

Year Ended	Total Tax Levy	Fiscal Year of the Levy		in Subsequent	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy[1]
2016	$ 3,543,566	$ 3,538,756	99.86%	$ 62,946	$ 3,601,702	101.64%
2017	4,614,413	4,566,499	98.96%	53,945	4,620,444	100.13%
2018	5,204,909	5,225,672	100.40%	34,408	5,260,080	101.06%
2019	5,803,680	5,751,810	99.11%	46,190	5,798,000	99.90%
2020	6,473,625	6,454,090	99.70%	59,288	6,513,378	100.61%
2021	6,987,139	7,236,531	103.57%	26,585	7,263,116	103.95%
2022	8,223,364	8,210,651	99.85%	20,662	8,231,313	100.10%
2023	8,728,834	8,835,209	101.22%	87	8,835,296	101.22%
2024	9,287,131	9,291,857	100.05%	-	9,291,857	100.05%
2025	10,078,958	10,102,971	100.24%	-	10,102,971	100.24%

Source: Dallas County Tax Assessor/Collector

[1] Collections in subsequent years include refunds.

City of Glenn Heights, Texas
Ratios of Outstanding Debt
Last Ten Fiscal Years[1]
(Unaudited)

	Governmental Activities				
Fiscal Year	**General Obligation Bonds[2]**	**Certificates of Obligation**	**Notes Payable**	**Subscription Payable**	**Leases Payable**
2016	$ 12,402,894	$ 3,315,000	$ -	$ -	$ -
2017	12,203,750	2,940,000	-	-	-
2018	12,029,605	2,545,000	-	-	-
2019	14,234,540	2,130,000	-	-	-
2020	13,863,685	1,695,000	1,228,877	-	518,888
2021	13,332,830	1,360,000	1,088,204	-	489,523
2022	11,635,000	1,140,000	571,346	1,192,935	392,671
2023	10,320,000	910,000	481,464	986,571	291,085
2024	9,630,000	670,000	389,867	913,832	194,996
2025	8,920,000	425,000	295,980	934,209	94,180

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See the Schedule of Demographic and Economic Statistics for personal income and population data.

[2] The General Obligation Bonds are net of applicable premiums & discounts.

N/A: Data not available at the time of this publication

Business Type Activities					
General Obligation Refunding Bonds	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita[1]
$ 755,000	$ -	$ 16,472,894	N/A	1,410
500,000	-	15,643,750	N/A	1,268
235,000	1,500,000	16,309,605	N/A	1,322
120,000	1,366,112	17,850,652	N/A	1,347
-	-	17,306,450	N/A	1,197
-	2,800,000	19,070,557	N/A	1,113
-	2,642,023	17,573,975	N/A	971
-	2,481,513	15,470,633	N/A	823
-	2,317,075	14,115,770	N/A	723
-	2,148,613	12,817,982	N/A	645

City of Glenn Heights, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds[4]	Certificates of Obligation	Total	Less: Amount Available for Debt Service[3]	Net General Bonded Debt
2016	$ 13,157,894	$ 3,315,000	$ 16,472,894	$ 34,378	$ 16,438,516
2017	12,703,750	2,940,000	15,643,750	110,852	15,532,898
2018	12,264,605	2,545,000	14,809,605	(71,589)	14,881,194
2019	14,354,540	2,130,000	16,484,540	129,940	16,354,600
2020	13,863,685	1,695,000	15,558,685	76,032	15,482,653
2021	13,332,830	1,360,000	14,692,830	115,038	14,577,792
2022	11,635,000	1,140,000	12,775,000	84,811	12,690,189
2023	10,320,000	910,000	11,230,000	70,862	11,159,138
2024	9,630,000	670,000	10,300,000	9,902	10,290,098
2025	8,920,000	425,000	9,345,000	71,589	9,273,411

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

[2] See the Schedule of Demographic and Economic Statistics for personal income and population data.

[3] This is the amount restricted for debt service principal payments.

[4] This amount is net of applicable premium.

Percentage of Estimated Actual Taxable Value of Property[1]	Per Capita[2]
3.70%	1,410
3.18%	1,268
2.56%	1,201
2.64%	1,244
2.19%	1,076
1.91%	858
1.20%	706
0.82%	594
0.63%	527
0.54%	466

This page left blank intentionally.

City of Glenn Heights, Texas
Computation of Direct and Overlapping Debt
September 30, 2025
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Dallas Co	$ 179,530,000	0.23%	$ 412,919
Dallas Co CCD	511,285,000	0.23%	1,175,956
Dallas Co Hosp Dist	247,115,000	0.23%	568,365
DeSoto ISD	286,628,121	14.05%	40,271,251
Ellis Co	21,260,000	2.24%	476,224
Red Oak ISD	310,825,000	16.59%	51,565,868
Subtotal - overlapping debt	1,556,643,121		94,470,583
City of Glenn Height's direct debt	$ 12,693,101	33.57%	12,693,101
Total direct and overlapping debt			$ 107,163,684
Total direct and overlapping debt as % of Assessed Value			6.27%
Total direct and overlapping debt per Capita			$ 5,390

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Glenn Heights. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Texas Bond Review Board Data Center

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the government's boundaries and dividing it by the governmental unit's total taxable assessed value.

City of Glenn Heights, Texas
Tax Rate Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2016	**2017**	**2018**	**2019**
Tax Rate Limit	$ 1.5000	$ 1.5000	$ 1.5000	$ 1.5000
Debt Service Rate	0.2500	0.2531	0.2146	0.2157
Available Tax Rate	$ 1.2500	$ 1.2469	$ 1.2854	$ 1.2843
Percentage of allowable levy used	7.44%	16.87%	14.31%	14.38%

Economic Debt Margin Calculation for Fiscal Year 2025

Assessed Value

Economic debt limit indicator (5% of assessed value)

Annual debt requirement applicable to limit:

General obligation refunding bonds
Certificates of obligation
Less amounts restricted for debt service

Economic debt margin

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on all ad valorem tax within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $2.50 per $100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance.

Table 12

Fiscal Year					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
$ 1.5000	$ 1.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000
0.1841	0.1630	0.1330	0.0990	0.0830	0.0775
$ 1.3159	$ 1.3370	$ 2.3670	$ 2.4010	$ 2.4170	$ 2.4225
12.27%	10.87%	5.30%	3.90%	3.30%	3.30%

	$ 1,708,326,728
	85,416,336
$ 8,920,000	
425,000	
(71,589)	
	9,273,411
	$ 76,142,925

City of Glenn Heights, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Calendar Year	Estimated Population[1]	Total Income (Amounts Expressed in Thousands)	Per Capita Personal Income[3]	Median Age[3]	School Enrollment[4]		Unemployment Rate[2]
					DeSoto ISD	Red Oak ISD	
2016	11,680	N/A	N/A	31.90	9,296	5,600	3.7%
2017	12,336	N/A	24,346	32.80	9,872	5,800	4.1%
2018	12,336	N/A	23,346	33.70	10,152	5,985	4.3%
2019	13,250	N/A	24,274	31.00	8,628	6,054	3.5%
2020	14,460	N/A	24,274	31.90	8,700	6,000	7.2%
2021	17,127	N/A	26,543	32.50	7,926	5,987	4.4%
2022	18,090	N/A	28,366	32.50	7,339	6,287	3.3%
2023	18,793	N/A	31,763	33.60	5,995	6,499	3.8%
2024	19,532	N/A	32,706	34.60	5,995	6,592	4.2%
2025	19,883	N/A	31,569	33.80	5,708	6,696	4.2%

[1]North Texas Council of Governments unless otherwise denoted.

[2]Per Texas Workforce Commission, Dallas-Fort Worth - Arlington Metropolitan Statistical Area

[3]U. S. Census Bureau, American Community Survey

[4]The City of Glenn Heights is located in both Dallas and Ellis Counties. School children residing in Dallas County are enrolled in the DeSoto Independent School District while those residing in Ellis County are enrolled in Red Oak Independent School District. Data retrieved from the National Center for Education Statistics. Students of DeSoto ISD living in Glenn Heights for FY 24/25 was 1,902. The number of Red Oak students living in Glenn Heights was 1,532.

N/A: Data not available at the time of this publication

City of Glenn Heights, Texas
Principal Employers
Current and Nine Years Ago
(Unaudited)

2025

Employer	County	Employees	Rank	Industry
Methodist Charlton Medical Center	Dallas	1,000-4,999	N/A	Hospitals
Quality Custom Cabinets	Dallas	1,000-4,999	N/A	Cabinets-Manufacturers
Diamond Wishes Childrens Charity	Dallas	500-999	N/A	Charitable Institutions
UNFI Distribution Ctr	Dallas	500-999	N/A	Grocers-Wholesale
Fashion Glass & Mirror LLC	Dallas	250-499	N/A	Glass-Auto Plate & Window & Etc
Oak Creek Homes	Dallas	250-499	N/A	Buildings-Pre-Cut Prefab & Modlr-Mfrs
Lippert Components	Ellis	250-499	N/A	Mobile Homes-Equipment & Parts
Williamsburg Village Nurse Ctr	Dallas	250-499	N/A	Retirement Communities & Homes
FFE Transportation Svc Inc	Dallas	250-499	N/A	Trucking-Refrigerated
City Of Duncanville City Hall	Dallas	250-499	N/A	City Hall
Tom Thumb	Dallas	250-499	N/A	Grocers-Retail
Williamsburg Village	Dallas	250-499	N/A	Skilled Nursing Care Facilities

2016

Employer	County	Employees	Rank	Industry
Methodist Charlton Medical Center	Dallas	2,500-4,999	N/A	Health Care
Solo Cup Co	Dallas	500-999	N/A	Manufacturing
Owens-Corning Fiberglass	Ellis	500-999	N/A	Manufacturing
Quality Doors (Texwood)	Dallas	500-999	N/A	Manufacturing
Wal-Mart Super Center	Dallas	250-499	N/A	Retail
Renaissance Hospital of Dallas	Dallas	250-499	N/A	Health Care
Continental Cabinets	Dallas	250-499	N/A	Manufacturing
Quaker Oats Co. Southwest	Dallas	250-499	N/A	Transportation/ warehousing
Cardinal Glass	Ellis	250-499	N/A	Manufacturing
Grace Presbyterian Village	Dallas	250-499	N/A	Health Care

Source: 2025: Small Business Development Center
Source: 2016: FY 15/16 Comprehensive Annual Financial Report

Notes: The City of Glenn Heights is located in Dallas County and Ellis County. All of the 2025 listed employers are located within a 10-mile radius of the City of Glenn Heights.

City of Glenn Heights, Texas
Employees by Function
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year				
Function/Program	**2016**	**2017**	**2018**	**2019**	**2020**
Administrative services	7.0	7.0	7.0	7.0	6.0
Community services	1.0	1.0	1.0	1.5	4.0
Development services	2.0	2.0	2.0	6.0	5.0
Police	27.0	22.0	24.0	31.0	30.5
Fire	26.0	32.0	36.0	18.5	18.0
Financial services	2.0	3.0	3.0	3.0	3.0
Municipal services	1.0	1.0	1.0	1.0	1.0
Infrastructure	-	-	-	1.0	6.0
Total General Fund	66.0	68.0	74.0	69.0	73.5
Utility administration	3.0	3.0	3.0	3.0	3.0
Water services	11.0	14.0	14.0	12.0	10.0
Wastewater services	2.0	3.0	3.0	3.0	1.5
Stormwater drainage	3.0	10.0	10.0	8.0	4.0
Total Utility Funds	19.0	30.0	30.0	26.0	18.5
Total All Funds	85.0	98.0	104.0	95.0	92.0

Source: City of Glenn Heights Human Resource Department

Table 15

Fiscal Year				
2021	**2022**	**2023**	**2024**	**2025**
6.0	6.5	6.5	6.5	8.0
4.0	5.0	7.0	8.0	9.0
5.0	5.0	5.0	5.0	5.0
29.0	32.0	30.0	30.0	36.5
20.0	17.0	17.0	22.0	23.0
3.0	2.5	2.5	2.0	2.0
1.0	1.0	1.0	1.0	1.0
6.0	4.5	8.0	8.0	10.5
74.0	73.5	77.0	82.5	95.0
3.0	3.0	4.0	4.0	4.0
9.5	9.0	5.0	5.0	5.0
1.5	1.5	2.0	2.0	1.5
4.0	4.0	3.0	3.0	4.0
18.0	17.5	14.0	14.0	14.5
92.0	91.0	91.0	96.5	109.5

City of Glenn Heights, Texas
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year 2016	2017	2018	2019
Community services:				
Parks and recreation:				
Total acreage maintained city parks	57	57	57	57
Development services:				
Planning:				
Zoning cases	4	4	6	4
Plats/replats	5	5	7	5
Development contracts	9	9	11	13
Building inspections:				
Permits issued	604	604	616	1,625
Inspections	414	414	422	1,614
Emergency services:				
Police administration:				
Administrative calls	1,011	1,011	1,031	N/A
Reports prepared	2,682	2,682	2,736	N/A
Community relations programs initiated	15	15	7	N/A
Police Calls for Service	N/A	N/A	N/A	N/A
Police Traffic Stops	N/A	N/A	N/A	N/A
Police Arrests-Individual	N/A	N/A	N/A	N/A
Animal Control Calls	N/A	N/A	N/A	N/A
Code Enforcement Calls	N/A	N/A	N/A	N/A
Fire administration:				
Fire calls	329	329	446	421
EMS calls	931	931	919	1,037
Code enforcement:				
Vehicle related violations	N/A	N/A	N/A	215
Nuisance violations	N/A	N/A	N/A	194
Environmental violations	N/A	N/A	N/A	2
Sign violations	N/A	N/A	N/A	12
Other ordinance violations	N/A	N/A	N/A	1,240
Court summons/citations	N/A	N/A	N/A	24
Animal control:				
Animals impounded	337	337	N/A	N/A
Animal registrations	58	58	N/A	N/A
Calls for service	625	625	N/A	N/A
Court summons/citations	81	81	N/A	N/A

Table 16

Fiscal Year					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
57	57	57	57	57	62
7	7	N/A	5	14	2
9	9	N/A	6	10	6
17	17	N/A	N/A	N/A	-
1,882	1,882	1,437	1,123	920	975
3,819	3,819	3,069	2,686	1706	2,055
N/A	N/A	N/A	N/A	N/A	NA
N/A	N/A	N/A	N/A	N/A	NA
N/A	N/A	N/A	N/A	N/A	NA
N/A	N/A	17,426	17,897	18,934	NA
N/A	N/A	3,370	4,564	5,287	NA
N/A	N/A	380	356	435	NA
N/A	N/A	2,028	2,675	2,816	NA
N/A	N/A	52	30	122	NA
461	495	513	582	506	564
1,006	1,273	1,331	1,249	1,049	1,647
84	84	2	2	N/A	N/A
139	139	5	5	N/A	N/A
2	2	-	-	N/A	N/A
28	28	-	-	N/A	N/A
2,187	2,187	2	2	N/A	N/A
39	39	-	-	N/A	N/A
N/A	345	281	334	N/A	N/A
N/A	1	N/A	27	N/A	N/A
N/A	1,311	1,280	380	N/A	N/A
N/A	36	76	84	N/A	N/A

City of Glenn Heights, Texas
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)
continued

	Fiscal Year			
	2016	**2017**	**2018**	**2019**
Financial services:				
Finance:				
Accounts payable invoices processed	2,080	2,080	2,080	4,646
Payrolls processed	26	26	26	34
Annual budget document	1	1	1	1
Monthly financial reports	12	12	12	12
Municipal court:				
New cases filed	1,850	1,850	N/A	2,218
Warrants issued	1,150	1,150	N/A	N/A
Completed cases	777	777	N/A	1,519
Warrants cleared	840	840	N/A	278
Utility administration:				
Customers serviced	57,492	57,492	58,642	63,017
Late notices	12,548	12,548	12,799	12,956
Cut-offs	1,150	1,150	1,173	1,561
Municipal services:				
Streets:				
Days of street paving or re-paving	29	29	29	N/A
Days of ROW maintenance	30	30	30	N/A
Days of ROW Trash Collection	N/A	N/A	N/A	N/A
Days of pothole repairs	50	50	50	N/A
Wastewater services:				
Maintain lift stations (weekly checks)	52	52	52	52

Source: Various City Departments

Table 16

Fiscal Year					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
3,854	3,786	4,019	4,019	4,417	3,831
28	34	28	28	26	26
1	1	1	1	1	1
12	12	12	12	12	12
2,540	1,984	1,955	1,906	2,283	2,803
N/A	1,925	1,389	1,551	120	-
2,834	2,531	1,757	2,025	1,068	1,841
233	1,009	1,122	793	307	220
67,240	67,240	77,816	81,392	81,770	80,909
6,523	6,523	11,749	14,618	9,361	19,851
1,020	1,020	542	1,154	1,339	1,335
N/A	N/A	N/A	N/A	9	11
N/A	N/A	N/A	N/A	81	112
N/A	N/A	N/A	N/A	249	284
N/A	N/A	N/A	N/A	32	24
52	52	52	52	52	52

City of Glenn Heights, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year 2016	2017	2018	2019
Public Safety:				
Police stations	1	1	1	1
Fire Stations	1	1	1	1
Public works:				
Streets - paved (miles)	47	47	47	47
Parks and recreation:				
Parks	3	3	3	3
Playgrounds	2	2	2	2
Water and sewer:				
Water mains (miles)	57	57	57	57
Overhead storage tanks	1	1	1	1
Ground storage tanks	3	3	3	3
Sanitary sewers (miles)	43	43	43	43
Number of lift stations	3	3	3	3

Source: Various City Departments

Table 17

Fiscal Year						
2020	**2021**	**2022**	**2023**	**2024**	**2024**	**2025**
1	1	1	1	1	1	1
1	1	1	1	1	1	1
47	47	47	47	47	47	47
3	3	3	3	3	3	4
2	2	2	2	2	2	4
57	57	57	57	57	57	94
1	1	1	1	1	1	1
3	3	3	3	3	3	3
43	43	43	43	43	43	76
3	3	3	3	3	3	3

This page left blank intentionally.

COMPLIANCE AND INTERNAL CONTROL SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the City Council

City of Glenn Heights, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vail + Park, P.C.

Frisco, Texas

March 18, 2026